The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Significant Development in Far Eastern News Situation

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The Fighting Power of the Soviet Army . . By Tan Miura

SATURDAY, AUGUST 22, 1936 VOLUME 77, NUMBER 12

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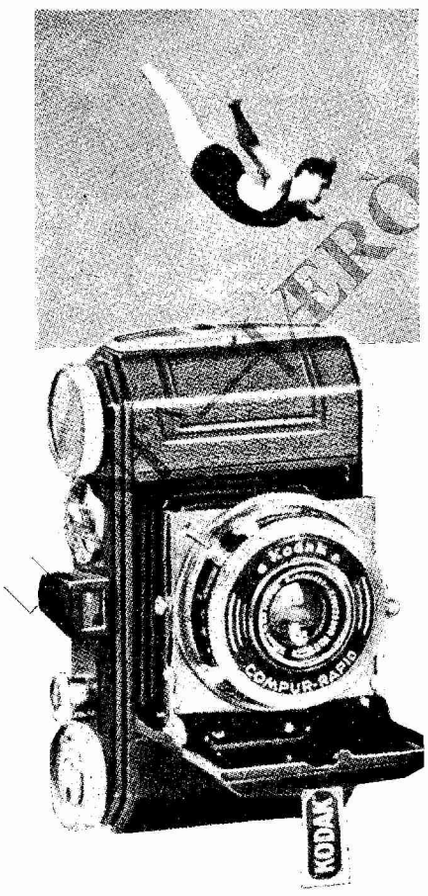

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Demand selling rate on London:	£1.0.0=Sh. $16.76
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August 19, 1936

Stock Exchange— Business Done:-

Total Volume: 790,000 Shares

1936 High	1936 Low	Div. $ per sh.	STOCKS	Last Sale Aug. 17	Last Sale Aug. 18
13 7/8	9 5/8	0.10	Adams Express	13 1/4	13 1/4
136 7/8	115 3/4	4.00	American Can	119 3/4	120 1/4
40 3/4	29 1/4	0.60	Amer. Cyanamid "B"	34 7/8	34 5/8
9 3/4	6 1/2	—	American & For. Power	7	7
43	29 3/4	—	American & Foreign Pwr. $7 pfd.	35	34
27 3/8	18 3/4	—	American Radiator	22 5/8	22 1/2
178	149 1/2	9.00	American Tel. & Tel.	173 1/4	173 3/4
104	88 1/2	5.00	American Tobacco "B"	102 1/4	101 5/8
26 5/8	19 1/8	—	American Waterworks	25	25
40 3/4	28	0.25	Anaconda Copper	39 3/4	40
88	59	2.00	Atchison, T. & S. Fe	82 1/2	81 1/4
54 1/4	27	—	Auburn	30 3/4	30 3/4
24 1/4	15 7/8	—	Baltimore & Ohio	21 5/8	21 3/4
63 3/4	45 3/4	—	Bethlehem Steel	59 1/8	60 1/2
30 1/2	16 7/8	—	Boeing Airplane Co.,	28	28 7/8
16	10 7/8	—	Canadian Pacific Railway	11 3/4	11 7/8
183 1/2	92 1/2	—	Case, J. I.	159 3/4	159
50 3/4	34	1.40	Chase National Bank	48 5/8	48 3/4
86	59	3.00	Chesapeake Corp.	85 1/4	85 1/2
68 3/8	51	2.80	Chesapeake & Ohio	67 3/4	67 1/2
123 5/8	85 1/2	4.00	Chrysler	112 5/8	113
23	14	0.40	Columbia Gas & Electric	20 3/8	20 7/8
24 5/8	14 1/4	0.60	Coml. Solvents	16	16
5 1/2	2 1/4	—	Commonwealth & Southern (ord.)	3 1/8	3 1/4
44 1/4	27 1/4	2.00	Consolinated Edison	41 7/8	41 5/8
15 1/4	11 1/2	0.60	Consolidated Oil	12 1/2	12 5/8
38 1/2	28 1/8	1.00	Continental Oil	30 1/2	31 1/4
82	65 1/4	3.00	Corn Products	64	64 3/4
78 1/4	50 5/8	0.75	Douglas Aircraft	69 3/8	71
167 1/4	133	3.60	Du Pont de Nemours	157	159
26 3/4	15 3/4	—	Electric Bond & Share	22 5/8	22 5/8
47 3/4	34 1/2	1.00	General Electric	46 1/4	46
43	33 3/8	1.80	General Foods	38 1/2	38 3/8
72 1/4	53 7/8	2.00	General Motors	65 1/4	65 5/8
50	32 1/2	1.00	General Railway Signal	44 1/2	45
21 3/8	12 7/8	0.60	Gold Dust	12 7/8	12 3/4
31 7/8	21 3/4	—	Goodyear Tire & Rubber	23 1/2	23 1/8
76 1/2	57 1/4	1.00	Humble Oil	66 5/8	66 1/4
54 1/4	43 1/4	1.00	Internation Nickel	52 3/4	52 3/4
19 1/4	12	—	International Tel. & Tel.	13 1/4	13 1/8
48 1/8	28 1/4	1.00	Kennecott	47 1/4	47 3/8
57 1/2	43	2.00	Loew's Inc.	55 1/2	56
26 1/2	21 1/8	1.20	Lorillard	22 3/4	22 1/4
103	80 3/4	1.00	Monsanto Chemical	100	99
47 1/4	35 3/4	0.20	Montgomery Ward	44 3/4	45
45 3/4	31	1.00	National City Bank	43 3/8	43 3/4
28 1/4	21	1.20	National Dairy Prods.	25 3/4	25 3/4
33 3/8	26 1/4	2.00	National Distillers	29 1/4	29 7/8
14 7/8	9 3/4	0.60	National Power Lt.	12	11 1/8
43 1/4	27 3/4	0.10	New York Central	40 1/4	40 5/8
35 1/8	23 1/8	1.00	North American	32 1/4	32 1/8
40 7/8	30 3/4	1.50	Pacific Gas & Electric	38 3/4	39 1/4
58 3/4	47 5/8	2.40	Pacific Lighting	56 1/2	56 3/4
13	6 7/8	0.10	Packard Motors	10 3/8	10 3/8
39	28 1/4	1.00	Pennsylvania Railroad	37 3/8	37 1/4
49 3/8	38 1/8	1.00	Phillips Petroleum	42 3/8	42 3/4
48 3/4	39	2.40	Public Serv. of N. J.	47 1/8	46 7/8
14 1/4	9 3/4	—	Radio Corporation of Amer.	10 3/4	10 3/4
58 5/8	50	3.00	Reynolds Tobacco "B"	55 3/8	55 1/2
52	38 1/4	—	Schenley	44 1/8	44
85	59 5/8	2.00	Sears Roebuck	81 7/8	81 1/2
17	12 1/2	0.40	Socony-Vacuum	14 3/8	14 1/8
32 1/2	25	1.50	Southern California Edison	31 1/2	32 1/4
43	28 1/2	—	Southern Pacific	39 3/4	40 3/8
18	14 3/8	0.80	Standard Brands	15 3/8	15 1/4
9 7/8	5 1/8	—	Standard Gas & Electric	7 1/4	7 1/4
70	51 1/8	1.00	Standard Oil Co. of N. J.	62 3/4	63
73 7/8	65	3.80	Sterling Products	72 7/8	72 1/2
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14 3/4	11	0.30	Transamerica	13 3/8	13 3/8
99 1/8	71 5/8	2.00	Union Caride & Carbon	96 7/8	97
149 3/4	108 1/2	6.00	Union Pacific	138 1/2	138
32 7/8	20 5/8	—	United Aircraft (New)	24 5/8	24 7/8
21	13	—	United Airline Trans.	18 1/4	19
9 1/4	5 3/8	—	United Corporation	7 7/8	8
19 1/2	14 3/8	1.00	United Gas Improvement	16 5/8	16 3/4
59	31 5/8	2.00	U.S. Indus. Alcohol	35 1/2	35 3/4
35	16 3/8	—	U. S Rubber	29 1/2	29 3/4
72 3/8	46 3/8	—	U. S. Steel	66	66
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Formerly Millard's Review

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Formerly Millard's Review

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RETIREMENT OF S.M.C. SECRETARY AND JAPANESE SITUATION

ALTHOUGH not mentioned in any Shanghai newspaper, foreign or Chinese, it is no secret that the resignations of J. R. Jones, Secretary and R. W. S. Winter, another official of the Secretariat of the Municipal Council of the International Settlement, were due to Japanese pressure. Both officials were of British nationality and their successors under the civil service system also were of the same nationality, but this didn't disguise the fact, despite the lack of publicity, that Japanese pressure was responsible. In this particular instance public opinion, even in the British community, was largely on the side of the Japanese due to general disgust on the part of the Sino-Occidental communities at the blundering methods in the last municipal election which resulted in the "loss" of a ballot box containing some 300 votes, most of which favored the Japanese candidates in the contest.

The real story of what happened in the last municipal election was indicated in headlines which appeared in three successive issues of *The Review*:

March 21—"Japanese Name Three Candidates for Municipal Council."
March 28—"Japanese Showed Under in Shanghai Municipal Election."
April 4—"Consular Body Orders New Election for Members of Shanghai Municipal Council."

Briefly what happened was that the Japanese refused to abide by a long-standing "gentleman's" agreement whereby their community had been accustomed to nominating two members of the Municipal Council of the International Settlement, the old arrangement being a Council composed of Five Britons, Two Americans, Two Japanese and Five Chinese. Prior to the World War the Germans, Austrians and occasionally the Russians had representatives on the Council but they were dropped and the Japanese and Americans substituted, the real control, of course, resting with the British now as it has since the establishment of the Settlement more than three-quarters

of a century ago. But the Japanese, as a direct result of their present attempt to dominate Asia and eliminate the Occidentals, demanded an increase in their representation on the Council. As this would have meant the dropping of one Briton, the Japanese met strong opposition, in this instance the opposition on the part of the Chinese and Anglo-Americans being unanimous. However, the Japanese community went through with it and nominated three candidates in place of the usual two. This action on the part of the Japanese stirred up the usually apathetic Occidentals and as a result the Japanese were snowed under in the election the leading British candidate receiving more than twice as many votes as the highest Japanese candidate. The result was the election of the usual "slate," that is five Britons, two Americans and two Japanese.

As the Chinese hold their election separately they were not involved in the resulting scandal when it was discovered, due to Japanese ingenuity, that one of the ballot boxes containing some 300 Japanese votes had been "overlooked" and the ballots contained therein not counted in the final tally. How it happened hasn't yet been explained, but the Chairman of the Japanese Election Committee, Mr. Hayashi, demanded the immediate resignation of the municipal officals responsible for the "error" if error it was. The Japanese also demanded that the election be declared null and void and a new election held. Had it been held and had the Japanese again put up their three candidates there was a chance of a general upset, but after considerable discussion and the usual "letters to the editor," the matter was settled privately by the Japanese agreeing to abide by the election results and the Consular Body (Court of Last Resort) rescinding its order for a new election. The resignations of Messrs. Jones and Winter from the Secretariat constituted the last chapter in the story—until the next election.

Rengo-Nippon Dempo Merger Marked End of Independent Journalism in Japan

AN important recent phase of the rapid eclipse of democracy in Japan as a direct result of the social unrest in the country, important nationally and internationally, was the suppression of independent and competitive news-gathering by the creation of a state monopoly in news in the form of the *Domei News Agency*. This monopoly, which resulted from a merger between the former *Rengo News Agency* and the *Nippon Dempo News Agency* this Spring, has already blossomed into the desired results of those who planned it. Nationally, it means the practically complete suppression of what little originality and liberalism remained in Japan in the realm of both news gathering and journalism. Internationally, it means that all news about Japan to the outside world will smell of Tokyo, will constitute links in a vast and carefully prepared dai-Nippon foreign "cultural" program which will attempt to prove, and indeed with some success, that Japan is a peace-loving nation, that all her predatory acts of conquest were and are justified, and that all is rosy on the Japanese and Far Eastern front.

The results of the creation of the *Domei* service are already recognized both here and abroad. Let us look into both phases:

Perhaps the best analysis from the liberal Japanese point of view was an excellent article contained in the June, 1936 number of the *Kaibo Jidai* by Yoshio Akagi, a staff member of the magazine. Under the heading "Policy of Present Government Spells Death to Liberal Journalism," the writer made a comprehensive analysis of the "knuckling-under" of the Japanese press as a result of the Government's "new" policy (the policy in reality is not new; only the fact is new) and the *Rengo-Nippon Dempo* merger. Quotation from this comprehensive article will suffice to clearly indicate what has happened.

"Administrative reform, the reform in the House of Peers the change in the Policy of the All-Japan Industrial Body Federation....are some of the indications that a lively reform movement has been in progress in all stratae of the ruling groups since the February 26 incident, which served as a turning point," Mr. Akagi writes. "This reform tendency was first started by the upper class to a great extent as a measure of self-defense.

"All newspapers now....have conformed to the 'national policy'....meaning that the press has abandoned its original attitude of rendering service because the Government is making efforts to unify newspapers and seeks to utilize them as special organs to serve the Government's purpose....Its result is likely to be a military expansion by levying taxes on the people rather than providing for the stability of their living conditions....

"The editorials of newspapers have become explanatory....the news has become directive in that the will of the Government must be pressed to the reader.... Since February 26..the news columns have been filled with uniform announcements and communiques released by the Government...The newspaper therefore is forced, in the interest of reader demand, to print various items of a harmless nature....Under such circumstances, all newspapers have been making frantic efforts to play up the proposed reforms in the House of Peers and the Olympic Games....Newspapers have become sensational, low-toned, and trifling. ....This can be seen in part in the sensational treatment of foreign news...."

The writer then analyzed the changes in leading Japanese papers since the February 26 "blood purge" and, commenting on the changes in the *Kokumin*, which installed a military man as its president, notes: "Its Fascist hue may appeal to a section of the public, but it is not the appropriate color for attracting subscribers of all classes.

Commenting on the *Rengo-Nippon Dempo* merger: ". . . . second and third rate newspapers which maintain no correspondents abroad are bound to suffer. . . . Some newspapers. . . are making arrangements for independent news gathering abroad. . . . .

"Efficiency in the control of public opinion will be still further emphasized by the formation of an intelligence committee under the direct supervision of the Cabinet. This will preclude all possibilities of scoring a 'scoop'. . . and will also give rise to an unemployment problem. . . . The control of public opinion during the present national emergency already has called into being the so-called sedition law in addition to the merger of the news agencies and the formation of the intelligence committee, causing no small disturbance to the world of Japanese journalism."

Mention of the sedition law seems far-fetched as anyone at any time in Japan could be "detained" (a most unique Nippon utilization of the English word) for "dangerous thoughts." However, under the "sedition law," Professor Shinkichi Minema, who teaches Chinese classics at the Tokyo University of Commerce, recently was summoned to the Metropolitan Police Board for an alleged violation of the new law. The new law merely gives legal coloring to what had already existed in fact.

Employment in regard to the *Domei* organization may by a serious problem. The agency now has 1,200 workers in its head-office and branches, of which only some 700 are needed. Five hundred workers thus face unemployment, and possibly more, as it is said that 500 men will suffice under the monopoly. Mention of a pay-cut (*Nippon Dempo* workers were better paid than *Rengo* workers) by Yukichi Iwanaga, managing-director, is a further threat to all *Domei* workers.

One bit of news not issued by *Domei* is that its organization (at the time of writing) was still without a president. Political relations in which the Foreign Office and Army are involved is the cause. Nor has a Director of the *Foreign News Bureau* yet been named. It is obvious that the Army seeks yes-men in these posts and is having some difficulties in finding capable executives who will stoop low enough.

So much for the national field. What the merger and "new" Government policy means internationally is already well known to every foreign correspondent in the Far East. Accuracy and truthful interpretative reporting is now out of the question: every bit of cabled news leaving Japan must have a Government chop on it. Mailed copy can be sent, but a by-line over a mail story which incurred the displeasure of the Army would be fatal to a correspondent. And a most careful and systematic check is kept on all news about Japan in foreign papers.

The "new" Government policy has been felt in other ways. In the past, *Rengo* was more or less content to report every other week that General Chiang Kai-shek, China's Generallissimo, had been assassinated, as well as equally reliable news from China and "Manchukuo". Of late, the role of *Domei* in the Nanking-Canton crisis, that of deliberately distorting and falsifying the news both here and abroad, was apparent to everyone but the Army censors.

To go further abroad, the comments of Marlen Pew, editor of the well known American newspaper trade magazine *Editor and Publisher* in the July 18 nember, are pertinent. "What the American reads in the press of this country about Japanese affairs," Mr. Pew writes, "must, in all justice, be discounted for censorship, even more than news from Italy, Germany, and Russia. The Japanese can for days at least bottle up any story, even an attempted revolution, and the correspondents would find it impossible to outwit the blue pencil, but in Europe it is usually possible to get news across a border by some device within a few hours.

Mr. Pew, who visited the Far East this Spring, cites the case of a *Domei* dispatch to a Japanese paper from Peiping which was a scare story about how French soldiers had allegedly mistreated Japanese merchants. "The same kind of sneaky, zealous, trouble-seeking, half-backed nationalist that would have an American citizen arrested in Tokyo for taking a snapshot of a scene which anyone could purchase in postcard from any news-stand, would create a scare situation out of the theft of a 40-cent doll by a French soldier, probably cockeyed from rice sake. That is typical Japanese stuff, and officials who lend themselves to such petty affairs seem not the least bit conscious that they may be playing with dynamite," Mr. Pew commented.

Mr. Pew could have added that officials do lend themselves to this "typical Japanese stuff" daily as a matter of inbred policy, and that it extends into a field far more important than drunken French soldiers. In the main, it refers to news about China and the Far East as a whole. To abet their pan-Asiatic policy and to better conquer China, the Japanese military have not failed and will not fail to use their new powerful weapon of news monopoly.

In all probability, little of this will be new to readers who have closely followed Japanese affairs. What should be clear, however, is that, as explained in the first few paragraphs, the creation of the news monopoly and of the further rescinding of democratic rights is a direct result of the economic and social unrest in Japan.

The latest development on the news front in Japan, fully justifying the fears of the country's friends at the time of the *Rengo-Dempo* merger was the recent announcement of plans for creating a "Ministry of Propaganda," modeled on the German and Italian systems. Prior to the occupation

of the Manchurian provinces newspaper workers in Japan had access to innumerable sources of information in the Government and outside. Since 1931 they have been restricted more and more to the "spokesman" of the Foreign Office who, in cooperation with the War Department, exercises control over the official *Domei* service. Now there is to be a Ministry of Propaganda which will not only control the official news agency and its in-coming and out-going news, but will also exercise control over Japanese newspapers both at home and abroad and in addition will, in all probability, have control over the expenditure of vast sums in propaganda activities in foreign countries.

Events in Spain Keep Europe on Edge—Will Britain Turn to Soviets or to Japan?

THE Foreign Offices of the prinicpal countries of Europe continue to watch with an anxious eye developments in Spain, where the reactionary "rebel" party continues to gain successes against the "Left" government at present in power. Britain is continuing its almost frantic efforts to arrange a joint non-intervention policy as regards Spanish affairs, and a new demarche in support of France's proposals in this respect was made by the British Foregn Office in Berlin Aug. 16. This came on top of an agreement reached the previous day between Britain and France on the subject of an embargo on shipments of war materials to either of the fighting sides in Spain. No additional steps had been taken up to that time by Great Britain to obtain Italy's answer, since the latter had not yet replied to the last demarche made by Britain in Rome. Meanwhile a certain amount of pessimism is stated to prevail in London political quarters, where it is feared that the dilatory attitude adopted by Rome and Berlin might finally force France to resume her freedom of action in the Spanish issue and eventually develop into an international conflict on Spanish territory between Fascist and Leftist powers.

Moscow *Pravda*, in its usual incisive manner, commented Aug. 16, that actively interfering in the armed struggle against the Spanish Government and the Spanish people, Germany and Italy are pursuing their own aims. German Fascism is now attempting, by seizing bases in Spanish Morocco or the Balearic Islands, to confront the entire world with a new accomplished fact, and then by threats attempt to achieve territorial compensations, colonies and political concessions in Europe. Italy is acting hand in hand with Germany, who counts upon the waverings and disunion of the states interested in the preservation of peace. The British lion, whose roaring formerly forced its German rival to retreat, so far shows neither strength nor desire to counteract the aggression of German Fascism.

The cautious attitude of Britain in recent times has had its repercussions in many directions. David Darrah, writing to the *Chicago Tribune* from The Hague July 15, commented that the badly damaged political prestige incurred by Great Britain through the Italian successes in Ethiopia and in the "battle of sanctions" has added to the weary hours which Hendrikus Colijn, Dutch prime minister and minister of defense, spends in devising ways and means of defending the Dutch East Indies, the Netherlands' rich colonial empire in the Far East. The Dutch have made no secret that they rely on the help of the British navy to help them keep their colonial holdings, rich in oil and rubber, from the grasp of Japan. But with that navy not having been able to keep Premier Mussolini from grabbing Ethiopia, Holland's ministers wonder if they can rely on it in the future to help them preserve their rule over colonial holdings sixty times the size of the mother country and peopled with 60 million persons.

"We know now we cannot count on the Americans for help should the Japanese try to seize our colonies," a high Dutch official stated to Mr. Darrah. "The Americans are pulling out of the Orient and leaving the Philippines. Why, we do not understand. We rely mostly on the British. But now we do not know how much we can count on them. So we have to count on ourselves to defend ourselves, hoping that later some country will come to help us."

In the meantime Britain has before it the problem of whether it will throw in its lot with the Soviets or with Japan. It is becoming more evident day by day that it will have to be one or the other. Commenting on the chief characteristics of recent Anglo-Japanese relations with reference to the position of China, the Shanghai *Ta Mei Wan Pao* in its leading editorial on Aug. 16, stated that under the political pressure of Germany and the interior troubles in Spain, England has practically no time to participate in the Oriental game. "British trade in China having greatly decreased, she can not but make a compromise with Japan in case she fails to come to real cooperation with Soviet Russia. Japan, becoming scared at the increase in Soviet Russia's national strength and the completion of the unification of China, is also willing to cooperate with England in putting into effect her continental policy. Therefore, it is quite possible that England and Japan will join hands again. At any rate, China should fix her national policy before

the rumor of the Anglo-Japanese cooperation becomes a fait accompli."

Anglo-Japanese rapprochement again monopolized the editorial page of the Tokyo *Asahi*, August 16, as this leading journal continued its advocacy of closer relations between the two countries. Co-operation between the two powers, if if is achieved, the journal declared, will be in response to the "community of ideas concerning international politics which is evinced in the Anglo-Japanese oppositon to dicatorship and to their known desire to rectify capitalism."

The recent talk of a British-Soviet rapprochement has had the natural reaction in Japan of reviving the question of the possibility of a non-aggression pact with the Soviets and also of coming to a better understanding with China. The Japanese mercantile class is generally in support of such policy. The Tokyo *Chugai*, a leading financial daily, recently stressed the vital importance of establishing Japan's foreign policy ahead of all other national policies, particularly with a view to improving relations with China and the U.S.S.R. and readjusting them with Great Britain and the United States, adding: "Otherwise there will be no limit to the cost of Japan's naional defence programmes." The *Nichi Nichi*, in similar vein, remarked: "National defence which does not anticipate diplomacy as a prerequisite will only unnecessarily stimulate the nervousness of the Powers, with the result that they will impatiently push on their war preparations, necessitating war preparations also on our part, thus further intensifying world armament competition." Expressing the opinion that the Army's recent flat refusal to conclude a non-aggression pact with the U.S.S.R., without giving any definite reason, showed a lack of wisdom and declaring that "there are indications that the anti-Japanese movement in China will develop into a 'preparedness' movement against Japan," the *Nichi Nichi* added that if Japan can successfully formulate a definite diplomacy towards China and the U.S.S.R., her diplomatic policies towards the other Powers will then follow very easily.

The return to Japan last week of Tamekichi Ohta, Japanese ambassador to Moscow, on furlough, was made the occasion for more closely examining the relations of the two countries. Political observers in Tokyo, commenting on the issue, emphasized that the readjustment of Soviet-Japanese relationships must be based on the settlement of all pending problems, including the question of disputes along the Soviet-Manchukuo frontiers and the current negotiations for the conclusion of a new fisheries convention. The observers also urged the extension of the principle of the Portsmouth Treaty of 1905 to the Soviet-Manchukuo borders, through the establishment of a non-fortified zone and a withdrawal of Soviet troops from the frontier areas. Otherwise, the observers pointed out, Japan would be compelled to increase her military strength in Manchukuo.

Japanese-Soviet relations continue to be kept on edge by incidents of more or less serious character. Hardly a week goes by without either a Japanese ship or a Soviet ship being seized by the other country. A recent incident of this kind occurred at Mako in the Pescadores August 16, when the Soviet merchant ship *Terek*, 3,500 tons, was arrested by the naval authorities on a charge of having entered a fortified zone. The Captain of the vessel said that the *Terek* was proceeding from Vladivostok to Singapore, and was obliged to enter the prohibited waters because of engine trouble. Holding the captain's explanation inadequate and the movements of the vessel suspicious, the authorities ordered the ship to proceed to Takao, southern Formosa, for judicial examination. In events of this kind the eventual judgment is the least of the matters which the shipmasters have to worry about. In most cases the fines are a matter of comparatively small importance. It is the huge losses that the ship has incurred as a result of being kept out of the service, sometimes for months, that the shipowner feels the most, and the protests of his Government do nothing to cover his financial losses.

As regards the internal affairs of Russia, the present Soviet regime still sees in Leon Trotsky, the exiled Bolshevik leader, an implacable enemy. The Peoples Commissarist of the Interior of the U.S.S.R. alleged Aug. 14, that in 1936, a number of terroristic Trotzkyist-Zinovyevist groups, upon direct instructions from Trotzky (who is at present in Norway), and under the direct guidance of the so-called United Center Trotzkyist-Zinovyevist Bloc, are preparing a number of terroristic acts against leaders of the Communist Party of the Soviet Union and the Soviet State. Trotsky, in an interview in Oslo, indignantly denied the charge and offered to prove before a special committee, to be appointed by the Government of Norway, that the charges preferred against him by Moscow were unfounded. The charge against Trotsky coincided with the decision of the Soviets to increase their army by lowering the entrance age limit of Russian recruits to nineteen years.

Drought and Flood Ravage 90 Districts in Szechuen Province

More than 90 districts in Szechuan province have been affected either by flood or drought, according to latest returns compiled by the Provincial Relief Committee. In order to restore traffic, the Provisional Headquarters of the President of the Military Affairs Commission has ordered the District Government of Kikiang, in southern Szechuan, to effect the early repair of the Chungking-Kikiang section of the Szechuan-Kweichow Inter-Provincial Highway, which was recently dislocated by flood.

Typhoon Hits Hongkong

Land and sea communications were at a complete standstill at Hongkong Aug. 17 when a violent typhoon hit the Colony just after midnight.

The Fighting Power of the Soviet Army

BY TAN MIURA

(*Under the spasmodic threats of conflict between Japan and the U.S.S.R. it would be interesting to know what each thinks of the fighting power of the other. The following abstract of an article by Tan Miura which appeared in the August 10 issue of the "Nihon Gaiko News" presents the Japanese assessment of the strength of the Soviet Army.—T. W. Char, Translator.*)

In the light of the Great War and other past instances the fighting power of the Soviet Army when it comes to real war cannot be rated too high. Though possessing great endurance and fighting spirit, the Russian forces have generally been severely beaten by forces slightly their superior. Their defeats in the Crimean War, the Russo-Japanese War, and even by the indifferent Polish Army at the outset of the Russian Revolution are the most notable instances.

Igoroff, the chief of staff of the Soviet Army, was credited with having once remarked that, "with the present Soviet forces it is possible for us to wage war against Japan in the east and Germany in the west even simultaneously, and we have a fair chance of an ultimate victory." The grounds for this optimism may be found in his illusion over the large peacetime army of 1,600,000 and the supposedly finest chemical warfare equipments in the world which the U.S.S.R. possesses.

The Soviets have built up 350 air patrols with a total of 3,500-4,000 machines, about 4,000 armored cars and independent chemical warfare units reputed to be the most complete among the Powers. It is apparently from this show of armaments that they are inclined to over-estimate their own strength. But from the natural endowments of the Russians it is highly doubtful if they can successfully wield their weapons and be effectively led to war. Even American and German technical experts sent to the U.S.S.R. to assist the 5-Year Plan, who had often spoken well of the mechanical skill of the Soviets, did not share Igoroff's enthusiasm.

From what is understandable in the past military episodes it seems that the fatal weakness of the Russian army in the past did not lie with individual soldiers who formed the army, but with their heads the commanders. Experiences in the Russo-Japanese War and the Great War revealed the undeniable fact that the calibre displayed by Russian commanders was mediocre if not poor. Let us recall the Russo-German battle at Tannenburg in which Russian generals fully exposed their incompetence, thereby leaving a lasting blot on their military history. As to Russian soldiers themselves, it is possible that in so far as warfare assumes a greater and greater chemical nature, they will become increasingly unreliable. The adoption of chemical warfare in the Great War found the Russians the least prepared of all the belligerents. It is not likely that the same Slavs who now form the Red Army can do much better.

Again, the strategic position in the Far East is by no means one to satisfy the Soviets. A look at the map will show clearly that the territory of the newly established Manchukuo forms projecting into Soviet territory. Invasion into the latter at any point will readily succeed in detaching the Maritime Province, which is the most important military base to the Soviets. Once cut off, such places as Vladivostok will be completely isolated and no matter what armaments are used to fortify them, they cannot long hold out against continuous military and naval attacks. We need not go very far back to find a demonstrable lesson in the position of Port Arthur during the Russo-Japanese War.

In that war the Russians suffered immense difficulties incident to operations far away from their military bases. Although these difficulties have now been fairly overcome by the progress in communications and the new industrial developments in the Russian Far East, they have not completely ceased to exist since the present military bases of the Soviets are still located in European Russia.

Japanese Embassy in Moscow Protests Arrest of Employees

Disappearance of three Soviet messenger boys of the Japanese Embassy, and the subsequent discovery that one of them was arrested while carrying important documents from the Embassy to the Foreign Commissariat, led on Aug. 9 to the lodging of a vigorous protest with the Moscow Government by Shuichi Sakoh, Charge D'Affaires, *Domei* learned Aug. 12. The detention of the messenger boy, Mr. Sakoh's demarche has reportedly pointed out, has caused great inconvenience to the Embassy, in addition to forming a violation of international law. Gaimusho officials said that the arrest of Nipponese diplomatic and consular employees in Soviet Russia appeared to be designed to hinder the work of official Japanese establishments and could not, for this reason, be ignored by the Tokyo Government.

Soviet Army to Be Increased by 1,000,000 Men

Reuter states that the Soviet Army, which at present totals 1,300,000 men and officers, will be increased during the next four years by about 250,000 annually under a decree issued early this week by the Council of People's Commissars lowering the age for beginning military service from 21 years to 19. The changeover will be effected by calling up annually one and a half times the normal annual contingent between 1936 and 1940.

Red Army in Far East Prepared, Says M. Krutof

"The Red Army in the Far East and the Russian Pacific fleet are now ready to give an enemy a knock from which they will not soon recover if they attack Russia's frontier," declared M. Krutof, President of the Soviet's Far Eastern Territory, according to the Moscow correspondent of the London *Daily Telegraph* Aug. 11. M. Krutof is reported to have added that Russia was spending 3,000,000,000 roubles this year on the Far East alone and that a double track along the Amur River section of the Trans-Siberian Railway was being completed.

Kwantung Army Protests Border Firing by Soviets

Strong representations were made Aug. 6 to the Soviet military authorities by the Kwantung Army and the Manchukuo Government against the alleged firing upon a Japanese outpost by a Soviet border fort near Changckuo, south of Lake Khanka, on Aug. 2.

Soviet Surveyers Allegedly Operate Within Manchukuo Territory

A party of Soviet surveyers are alleged in Japanese dispatches to have illegally crossed the Soviet-Manchukuo border Aug. 7 to the Manchukuo bank of the Amur River 13 kilometres toward the upper reaches of Hsikohsien and then going away at their leisure after operating thoroughly in Manchukuo territory.

Zinovieff and Kameneff on Trial for Complicity in Kirov Murder

Gregory Zinovieff and Leo Kamaneff were placed on trial in Moscow Aug. 18, together with 14 other alleged counter-revolutionaries, charged with being parties to the murder in 1934 of Kirov, lieutenant of M. Stalin, Secretary-General of the Central Committee of the Communist Party, and also being in touch with a section of the German secret police with the object of espionage, terrorism and a plot to assassinate M. Stalin. All the accused pleaded guilty, according to *Tass*. The prosecution demands the death penalty.

Alleged Soviet Spies Taken in Tsitsihar

Tsitsihar police agents are making an intensive search for members of a band accused of espionage in favor of Soviet Russia, installation of secret radio stations in Manchuria and the transportation of explosives for terrorist purposes. The clue to the band's operations was given by one Chang, who reportedly gave information which led to the arrest of Tu Chao-tang, the alleged leader of the group.

China to Conclude New Commercial Treaty With Soviet Russia

Current reports that a new commercial treaty will be concluded between China and Soviet Russia were confirmed by Chen Chieh, Administrative Vice-Minister of Foreign Affairs, in an interview with the *Central News Agency* at Shanghai Aug. 18.

Mr. Chen said that negotiations for the proposed commercial pact, which is primarily intended to further strengthen the friendly relations already existing between the two countries, have been going on between M. Bogomoloff, Soviet Ambassador to China, and the Ministry of Foreign Affairs for some time, but no concrete agreement has as yet been reached. The resignation of Dr. W. W. Yen, Chinese Ambassador to Soviet Russia, according to Mr. Chen, has been accepted by the Waichiaopu, and that his successor has been slated and will be formally announced after the approval of the Soviet Government. The veteran Chinese diplomat who is now in Tientsin, will come southward shortly to decide on his plans after his retirement.

Dwelling on the so-called new policy of the Japanese Government toward Soviet Russia, the *Ta Kung Pao*, in an editorial Aug. 18 commented in connection with a report that the Japanese Cabinet had decided to increase the Islands' armaments, should Soviet Russia fail to withdraw her troops from the Eastern border, as follows:—"Japan might as well not have held such a meeting or issued such an empty statement. Japan well knows that Soviet Russia will not withdraw her troops, and, as a matter of fact, she has already started to increase her armaments in North Manchuria."

Ohta Says Russia Willing to Improve Relations

Belief that the Soviet leaders do not sincerlly desire to readjust Soviet-Japanese relations was challenged by Mr. Ohta, Ambassador to Moscow, on his return to Tokyo on a furlough Aug. 14. Interviewed by the press, the envoy pointed out that Moscow had repeatedly proposed a settlement of the border controversy.

Mr. Ohta, Aug. 14 informed Hachiro Arita, Foreign Minister, of his desire to resign from his post.

Gen. Chiang's Success in South Impresses Japanese in North

SPECIAL CORRESPONDENCE FROM TIENTSIN

IF Gen. Chiang Kai-shek does not liquidate the Kwangsi imbroglio quickly and turn his attention to the even more complicated situation in North China, then the Japanese military authorities will be more surprised than any one else.

Gaining the south while losing the north would benefit the generalissimo's historic unification project very little, and he is certain to follow up his successes in the south with a fixed program of bringing Hopei and southern Chahar into the Nanking fold.

Nanking's control in North China has weakened considerably during the past eighteen months but by no means has it slipped entirely. Gen. Chiang has never released his hold upon the major figures in Chinese official circles in these parts. The exact extent of his control is little realized outside of those mostly intimately concerned.

It is reported by sources close to Gen. Sung Cheh-yuan that his instructions from Nanking are to "play ball" with the Japanese Army until a certain point is reached, after which he is to dilly-dally around for time and, if a show-down is demanded, refer the whole matter to the Central Government.

The "certain point" has been reached on several issues already, notably recognition of Manchukuo, amalgamation of the East Hopei Anti-Communist Autonomous Government and the Hopei-Chahar Political Council, and establishment of a separate customs administration in Hopei.

According to the Japanese press, Foreign Minister Arita has decided to work for amalgamation of the Hopei-Chahar Council and the "East Hopei Government" in order to "brighten up" the North China situation and improve Sino-Japanese relations. This could easily be accomplished, at a price. But the price is too high for Nanking to pay. All negotiations have thus far gone awry although the pressure is never released from Gen. Sung.

While the Japanese do not yield an inch in their policy regarding smuggling through the "Chi-tung" region, they are now quite frankly confessing that this "special trade" is more harmful than beneficial to Japanese trade in North China.

Although a stalemate has been reached on the more important North China issues, the Japanese militarists are extremely reluctant at this time to rattle the sword and stir up a mighty smell as they would have done a few months ago. The Japanese Army leaders have moved into the background so as to allow Japanese ecomomic interests and cultural workers to catch up with the military gains. But the Japanese moneybags are still very coy.

The Chinese cotton industry in Tientsin, second largest cotton center in China, makes a sorry tale of greed, graft and inefficiency. This industry already has fallen completely into the hands of the Japanese capitalists.

Political stability is imperative if Japanese capital is to come to North China in the volume anticipated. Further economic progress can be achieved only when conditions are quiet and peaceful. A recurrence of the former political strife with one crisis after another, would frighten capital away, perhaps for years.

Therefore, the Japanese militarists are faced with the alternative of stirring up a bitter political feud with the Chinese and endangering economic plans now underway if they press their demands too urgently, or of allowing conditions to find their "proper" level in due course and thus allow General Chiang additional time to consolidate his position in the north.

The object now is to make haste quietly. There have been numerous indications of this desire to prevent the situation from reaching the crisis stage and put the quietus on incidents which ordinarily would be inflated to the proportion of full-fledged issues, followed by demands, etc.

Recently, Custom officials halted a truck carrying contraband tobacco. The Korean driver and co-driver started a fight with the customs men with the result that the Japanese flag being flown on the radiator was torn and both Koreans were severely beaten. Only a month or two ago this would have been another insult to the Japanese flag and an unwarranted attack on Japanese nationals. Under the new policy, however, no protests were made and no official action taken by the authorities with the customs authorities. Instead, the Japanese Consular Police officials issued regulations forbidding the use of the Japanese flag on trucks, junks and other conveyances being used for the transporation of this "special trade" outside of the East Hopei area. Before 48 hours had passed, several transportation companies were in hot water with the Japanese authorities for the unauthorized use of Rising Sun flags on smuggler's trucks. Since then, there have been no more insults to the Japanese flag reported.

This policy of avoiding international incidents was most notable in the alleged bombing of the Japanese troop train near Tientsin on May 28. The affair, if not forgotten, at least was never mentioned again by the Japanese authorities.

The time seems ripe for General Chiang Kai-shek himself to stir up some noise in the north. Some observers in North China declare that the Japanese would be scared out of a year's economic growth by any kind of Chinese military display north of the Yellow River in the area designated as Japan's "special sphere." This, perhaps, is an exaggeration but it is no exaggeration to say that Japan will go a long way to avoid a show-down in these parts.

Nanking's victory in Kwangtung and her imminent control of Kwangsi has immeasurably strengthened the Central Government's power and prestige and the Japanese are commencing to think of China as a formidable foe instead of a catspaw.

Aug. 17, 1936.

Chiang Renews Relations With Old Canton Comrades

BY THE REVIEW'S CANTON CORRESPONDENT

Whether there shall be war between Kwangtung and Kwangsi—which has been in peaceful relations for the past seven years—developments of the next two or three days will decide. But it is understood that General Chiang Kai-shek will exert himself to bring about a peaceful settlement to avoid bloodshed with some of his oldest subordinates—Li Chung-jen and Pai Chung-hsi.

While Generalissimo Chiang Kai-shek is discussing at Whampoa war plans against Kwangsi it is interesting to recall that ten years ago he was fighting his way to Shanghai and Nanking. Exactly ten years ago Generalissimo Chiang Kai-shek established his military headquarters of the northern expedition temporarily at Hengchow in southern Hunan. In looking through the old newspaper files it was also found that Chiang Kai-shek at that time had as his Chief-of-staff General Pai Chung-hsi. Today the same subordinate is making all preparations for resistance in Kwangsi.

Canton, therefore, should revive many old memories of the Nanking Generalissimo, as today he is surrounded by men who served him during the northern expedition, while on the other side in Kwangsi his opponents were also once men who served him during the northern expedition of 1926.

It will be recalled that during the formation of the Whampoa Academy the basic idea was that the future revolutionary army should not be a Cantonese army but a national army; that its officers should not only be natives of Kwangtung and Kwangsi but of all Provinces. The dialect used in the Academy was not Cantonese but Mandarin, the national dialect. The instructors were Russians and Chinese officers who had studied at the Paotingfu Military

Court Hears New Charges Against Eight "Bloody Corps" Members

The question of whether the eight men charged with being members of the terrorist gang known as the "Bloody Corps for the Extermination of Traitors" were to be handed over to the Lungwha Garrison Commissioner's Office came up for the fourth time at the Shanghai Special District Court Aug. 18, but without any result. Judge Tsien stated that he would give his decision Aug. 22. Including two additional charges preferred this week, a total of ten charges have been specified against the alleged terrorists up to the present. The new charges are to the effect that, on April 29, 1933, the accused threw a bomb into the premises of a piece goods hong situated at 43 Wusih Road, and that, on Aug. 22, the same year, several of the accused went to 445 Kwangsi Road where they tossed a bomb into the Sung Tsang Chinese Club.

Upon the request of the Shanghai Municipal Police, Chang Yu-hwa, one of the defendants charged with plotting the abortive assassination of Wang Ching-wei last November, was escorted to Shanghai Aug. 17 for questioning. Chang, it is learned, is suspected of having connections with another murder gang recently rounded up in Shanghai.

Salvation Society Accused of Anti-Nipponism

The Professors' National Salvation Society was accused by the *Shanghai Mainichi* Aug. 11 of fostering anti-Nipponese activities. The organization, the journal said, is composed mainly of radical professors from the Chinan University, and is linked with the Shanghai Cultural Circles National Salvation Society and other alleged anti-Nipponese bodies. A pamphlet, including a song dealing with the prevention of smuggling, issued by the Cultural Circles Society, has been edited by members of the Professors Society, the *Mainichi* said.

The *Shanghai Mainichi* Aug. 14 added that the boycott of Japanese goods movement has become intensified under the auspices of the "Shanghai National Salvation Association." Hand-bills and pamphlets have been secretly printed and distributed on the corners of Shanghai streets. The existence of the Red element in the anti-Japanese movement here is, indeed, a danger to the Japanese residents and a great handicap to Sino-Japanese friendship, the *Mainichi* said.

The alleged growth of the anti-Japanese movement in Wenchow, Chekiang, was reported Aug. 14 by the *Shanghai Nippo* to have drawn serious attention of the Japanese Embassy. Enumerating acts of hostility towards Japanese subjects on the part of the Chinese authorities in Wenchow, the journal declared that the latter disregarded several warnings from Embassy officials dispatched to the Chekiang port to make a study of the anti-Nipponese movement.

Japanese readers of the *Shanghai Nippo* were urged Aug. 14 to abandon their old conception of China, coming to a realization that this country is making rapid strides towards national unity. "The Chinese," the journal said, "do not have a strong patriotic sentiment, comparable to that exhibited by the peoples of Germany or Japan. Very often their patriotism is mixed up with hero worship. Yet, with the elimination of warlords, the Chinese are gradually becoming conscious of their nationality."

Chinese Boy Arrested for Tossing Rocks

A Chinese boy was nabbed by the Shanghai police on Aug. 14 as he was about to toss a rock through the window of a Japanese house on Miller Road, the *Shanghai Mainichi* reported. Occupants of the house have reportedly said that the boy had been throwing stones into the house for the past few days.

Gangsters Executed in Peiping

Amidst a heavy rainfall three gangsters who were responsible for the unsuccessful kidnapping of Mrs. Chu Shao-yang on Aug. 4, were executed in Peiping Aug. 18. It will be remembered that the gangsters originally intended to kidnap Mr. Chu, but when thwarted, they took off his wife.

Former Law Office Clerk Appears as Witness in Nakayama Murder Case

Yang Chien-chung, former clerk in the employ of the law offices of L. K. Kentwell, gave evidence for the prosecution in the Shanghai District Court Aug. 17 against one of the three accused men, Yang Wen-tao, former local shipping man, alleged to be concerned in the killing of Warrant Officer Hideo Nakayama, Japanese subject, murdered on November 9, 1935. He appeared as a voluntary witness, flanked by armed Japanese detectives. He flatly denied that he had "framed" Yang Wen-tao. The accused had alleged that the witness had planted the book and the gun in his house so that he would be arrested and that the witness and others mixed up with him could collect the rewards offered by the authorities. The witness flatly denied this allegation.

Promoters of China Vegetable Oil Refinery Hold Meeting

A meeting of the promoters of the China Vegetable Oil Refinery, Limited, was held in Kuling Aug. 15. Thirty representatives of the Central and Provincial Governments, as well as interested merchants, were present. Wu Ting-chang, Minister of Industry, presided. The China Vegetable Oil Refinery is to be jointly organized by the Central Government, the local authorities, and the merchants concerned.

Mr. Wu in his address stated that in recent years, Wood Oil (Tung Oil) has become the chief article of China's export trade. In order to preserve and maintain the enormous world market for this product, appropriate measures must be adopted by the Government and the merchants. In order to develop and expand the international market for Chinese wood oil, the quality of the product would have to be improved and the force reduced. This task could only be accomplished when control over the trade is centralized. To facilitate such control, the China Vegetable Oil Refinery had been organized. Its head office will be located in Hankow.

The following officers were elected:—Wu Kuo-chen, Permanent Member of the Board of Supervisors; Wu Ting-chang, Chairman of the Board of Directors; Chou I-chun (Administrative Vice-Minister of Industry), Vice-Chairman of the Board of Directors; Yu Chi-chuan, Government representative on the Standing Committee of the Board of Directors.

It was decided to establish branches of the company at Shanghai, Hankow, Changteh, Changsha, Chungking, and Wanhsien. The managers of the various branches will be: Wu Chin-chuan, at Shanghai; Ho Kai, at Hankow; Hu An-kai, at Changsha and Changteh; Liu Hu, at Chungking and Wanhsien.

Many Silk Stores Close in Tientsin as Result of Smuggling

As a result of the rampant smuggling of artificial silk, more than 70 silk stores and shops have closed down in Tientsin during the past few months.

In view of the fact that the smuggling in North China is fast spreading to the Northwest, the Commander-in-Chief's Headquarters of Bandit-Suppression Forces for the North-west convened a meeting at Sian, Aug. 16 to devise remedial measures. It was decided that the Military and the Police Superintendent's Office and the Gendarmerie Corps shall be held responsible for the suppression of the illicit trade in that part of the country.

Flying of Japanese Colors by Smugglers to Be Prohibited

The Japanese police authorities in Tientsin are said to have prohibited smugglers from flying flags of the Rising Sun on trucks used for moving illicit goods into the interior. This step, it is expected, will reduce the number of so-called incidents wherein Chinese Customs Preventive officials were alleged to have either insulted or torn the Japanese flags.

Nanking Government Optimistic Because of Improvement in Smuggling Situation

Finance officials in Nanking are said to be optimistic over the course of smuggling activities in North China. During the past few weeks, revenue losses had dropped very considerably. Smuggled Japanese goods cannot now be sent south of Tsinanfu, because of the increasing alertness of Customs officers. A further cause for optimism in Government financial circles is the added revenue which will enter the Central Government treasury from the Kwangtung Customs. The revenue in that province is expected to enrich the Nanking Government by $60,000,000 yearly, according to a *United Press* message from Nanking.

Over supply of artificial silk in Tientsin is given by competent observers as the reason for the decline in smuggling of this article. According to a recent investigation, the stock of artificial silk in Tientsin is worth at least $10 million.

Sir Frederick Maze, Inspector General of the Chinese Maritime Customs, proceeded to Chinwangtao and other North China ports this week to inspect the anti-smuggling work.

1950 Opium Smokers Arrested in Chungking

In a determined effort to eradicate the opium smoking evil in Chungking, the police authorities Aug. 4 conducted thorough searches of unregistered addicts. A total of 1,950 smokers were arrested and handed over to the clinics for cure, and large quantities of smoking paraphernalia were seized and later burned publicily.

Two Drug Traffickers Executed at Peiping

Chao Teh-kwei and Sung Tai-lu, two drug traffickers arrested by the Peiping authorities several weeks ago, were executed Aug. 10 by order of the Hopei and Chahar Pacification Headquarters.

Academy not far from Peiping and in Japanese military academies. At that time Chiang Kai-shek as Principal of this Academy had a difficult task in maintaining the integrity of the Kuomintang teaching among his students despite the Russian influence. So at the time when the late Dr. Sun Yat-sen was Commander-in-Chief in Canton after the latter's successful campaign against the late General Chen Kwing-ming Chiang Kai-shek was head of an experiment in the Whampoa army. Then he was not the significant figure he is today, as he was subordinated in military affairs to General Hsu Chung-tze. As head of the Whampoa Military Academy, Chiang was at that time in close association with the late Liao Chung-kai, who as Minister of Finance in Canton had provided the funds, and as Party representative at the Academy, was in charge of the Academy's policy. But when Liao Chung-kai was assassinated by anti-Communist assassins there was a bitter contest between the Communist and anti-Communist factions in Canton. The chaos offered another advancement for Chiang Kai-shek, who directed his Whampoa Cadets and occupied Canton, such men as the late General Wei Pong-bing were forced to leave town. With the Whampoa Academicians giving him full support, Chiang Kai-shek assumed leadership in the Kuomintang and about September 1925 he was appointed Commander-in-chief of the Cantonese armies.

Another interesting episode of Chinag Kai-shek's life is the chapter relating to the manner in which he was "discovered" by Dr. Sun Yat-sen. This historial incident also makes interesting reading. It appears that when Chiang was only a colonel on the staff of General Hsu Chung-tze in Canton, Dr. Sun's forces had made repeated but unsuccessful attacks on Waichow, a stronghold on the East River near Canton. Waichow then served as Chen Kwing-ming's stronghold. Chen Kwing-ming was then tuchun and Civil Governor of Canton and he strongly disapproved of Sun Yat-sen's anti-northern expedition plans. Dr. Sun's troops were constantly driven back by General Chen's troops, with heavy losses. In despiar, Dr. Sun, who was on board a gunboat at the time, ordered his subordinates to draw up plans for the capture of Waichow, then considered one of the strongest and best fortified cities in the Republic, because of its strong city wall. These accordingly were submitted and Colonel Chiang Kai-shek's proposals were at the bottom of the list. Dr. Sun glanced through all the plans and passed over every one of them, saying that they were unsatisfactory. He was about to give up the whole campaign when he came across the plan submitted by Chiang, which attracted his attention. He glanced at this once and scanned through it the second time. Then he expressed his pleasure over it because he was sure that if it was carried out, Waichow would fall. He called Chiang Kai-shek into his presence and for the first time he saw the man who destined to fill his shoes. As soon as he saw the young Chekiang soldier, the late President exclaimed "Ah! here is the second Sun Yat-sen. He is the man who will carry an my plans after I retire."

"Manchester Guardian" Pays High Tribute to Gen. Chiang Kai-shek

If Kwangsi remains intransigent, General Chiang Kai-shek will almost certainly order his armies to march and there will be no doubt of the result, the *Manchester Guardian* stated Aug. 14, commenting on the situation in South China. Anyway, the paper stated, General Chiang Kai-shek will have achieved a great triumph in uniting almost all China left by the Japanese. Moreover, he has done this in a decade—a mere moment by Oriental standards.

Fighting at Pingtichuan Heralds Japanese Invasion of Suiyuan; Gen. Chiang's Ultimatum to Kwangsi

1. **Fighting Breaks Out At Pingtichuan as Japanese Troops Invade Suiyuan.**
2. **Outer Mongolia Strengthens Frontiers in Preparation for Invasion.**
3. **Kawagoe Arrives in Tientsin, Urges China-Japan Economic Co-operation.**
4. **Japanese Press Shantung Chairman to Join Hopei-Chahar Regime.**
5. **Gaimusho Becomes Target of Attack for Inactivity and Inefficiency.**
6. **General Chiang Gives Three-Day Ultimatum to Kwangsi Warlords.**
7. **Li and Pai Said Rejecting Nanking Terms, War Preparations Continue.**
8. **Gen. Chiang Promises New Deal in Administration to Kwangtung People.**

Fighting is reported to have broken out near Pingtichuan between Suiyuan troops and forces from Chahar attempting to invade Suiyuan, according to a *Reuters* dispatch Aug. 15. Letters received at Peiping Aug. 15 from Pingtichuan report the arrival there of a number of dead and wounded from the front, but exact details as to numbers are unknown. No traffic is going from Pingtichuan eastwards, and the town is now cut off from Shangtu, in the neighborhood of which fighting is reported to be going on. The result of this latest engagement is unknown. Changpei is practically cut off from Kalgan. No foreigner is allowed out of the town, though Japanese trucks continue to run in and out of Mongolia.

Two thousand Japanese troops are nearing Changpei from the east, according to a *United Press* report Aug. 12, and 21 Japanese aeroplanes stationed at Dolonor already have arrived in Changpei. In addition, four Mongolian aeroplanes have been brought to the new aerodrome at Shangtu from Pangkiang, the seat of Prince Teh's authority, and about 1,500 troops under Gen. Pao Yueh-ching are now on their way from Pangkiang to Shangtu. Meanwhile, a group of Manchukuoan troops, under Gen. Chang Hai-peng, is reported to be moving westward from Pohei to add to the widespread concentration of military forces along the Charhar-Suiyuan border. Gen. Fu Tso-yi, the Governor of Suiyuan, is at the Pingtichuan front, putting the finishing touches to a tremendous defence line extending from Tumerte to Fengchen. The Suiyuan line included 50,000 regular provincial troops and much cavalry and artillery.

OUTER MONGOLIA STRENGTHENING BORDER REGIONS

Outer Mongolia is busily erecting defence works and reinforcing the garrisons at Wuteh and Taolin, according to the Peiping correspondent of the *Central Daily News*. The Outer Mongolian authorities are strengthening all defences along the old Kalgan-Urga highway to be in readiness to cope with any emergency. Meanwhile, Prince Teh of Inner Mongolia has recruited a total of 10,000 new troops, the correspondent reported.

Central News reported Aug. 18 that a large force of Japanese troops is being concentrated at Tulun, a town on the Chahar-Suiyuan Border.

Tass reported from Peiping Aug. 17 that five regiments of East Hopei troops, consisting mainly of the former "special police" of the Demilitarized Zone, are being reorganized and rearmed. The bogus government of East Hopei will shortly establish a pro-Japanese broad-casting station as demanded by the Japanese. The Peiping students' organization of National Salvation have wired Gen. Chiang Kai-shek, demanding that he send troops for the defence of Suiyuan.

Shantun, a small city on the Suiyuan-Chahar border, has been converted into a military camp with more than 7,000 "Manchukuo" troops and irregulars concentrated there in preparations for an invasion of Suiyuan, according to *Central News* Aug. 14. Styling themselves as the "Mongolian Border Defence Army," the irregulars are under the command of Li Shou-hsin who is now at Shantun directing operations. Bandits are extremely active in northern Chahar where plunder and kidnapping have become daily occurence.

Dissension among the various elements comprising the projected attacking force is understood to be delaying further warlike moves in Suiyuan. The Mongols, according to a *United Press* report, are showing unwillingness to fight.

Mongolian troops in Jehol are concentrating at Chengteh and and gradually moving westward, with the obvious intention of penetrating into Suiyuan from northern Chahar. In spite of the activities of the irregulars, the Suiyuan and Mongolian troops on the border are quite sufficient to cope with any situation that may arise, it is said.

According to *Reuters* Aug. 12, Manchukuo troops under the Mongol leader, General Li Shou-hsin, continue to concentrate at Shangtu, in west Chahar, in preparation for a fresh invasion of East Suiyuan. These troops are being assisted by bandit forces under Wang Tao-chi. Prince Teh, Chairman of the Mongol Political Council in Chahar, is reported to have left Chapser for Pailingmiao to wind up the affairs of the Council there. According to another report Prince Teh is busy travelling between Chapser and Pailingmiao but his movements are said to be always closely watched by his Japanese advisers who accompany him wherever he goes. Pao Yueh-ching, formerly Director of the Peiping Bureau of the Mongol Political Council in Pailingmiao, is reported to be at present in Shangtu. He recently went to Manchuria to recruit Mongol troops for a newly-created division of which he is to be the commander, but it is said that the Japanese have prevented these men from reaching Inner Mongolia. The Japanese troops at Dolonor are reported to have been reinforced by the arrival of two companies from Jehol.

NO CAUSE FOR ALARM IN EAST SUIYUAN, SAYS GEN. SUNG

An assurance that the authorities have the situation well in hand and that there is no cause for alarm over the Suiyuan-Chahar border developments during the last few days was made by Gen. Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, at a press interview Aug. 16. Most of the irregulars now creating disturbances on the Suiyuan border, according to Gen. Sung, are bandits who are not expected to do much against the well trained Suiyuan troops. Gen. Fu Tso-yi, Chairman of Suiyuan, who recently visited Pingtichuan, is confident that the bandits will be wiped out in the near future, Gen. Sung declared. Concerning the construction of the projected Tsangchow-Shihkia-chwang Railway, Gen. Sung explained that he had no objection against foreign capital but the arrangements made must of course be on a basis of absolute equality and reciprocity. No steps have yet been taken, said Gen. Sung, for the election of delegates to the forhtcoming National People's Assembly. Owing to the special conditions obtaining in Hopei, Gen. Sung stated, realities must be taken into consideration.

PRINCE SHIH BEATS ITA LAMA, RECAPTURES WESTERN BANNER

Assistad by Suiyuan provincial troops, Prince Shih has defeated the forces of his uncle, the Ita Lama, and has recaptured the Western Banner, according to a *Reuters* report from Peiping Aug. 17. General Fu Tso-yi, governor of Suiyuan, is sending two regiments to escort the prince back from Paotau. Prince Shih, who is chairman of the Western Banner, returned only recently after eight months' suspension from office, but was ousted by the Ita Lama, who launched a strong attack on his palace on August 11 and forced him flee.t

The invasion of Suiyuan by "Manchukuo" and irregular troops and the disturbances in the West Banner in Suiyuan will form the two main topics for discussion at the second conference of the Suiyuan Mongolian Political Council scheduled to open on Aug. 20 at Kweihua, reported *Central News* Aug. 15.

Ta-Mi-Ling-Su-Lung, Chief of all yellow banner of the west wing of Chahar's military now in Suiyuan, has won public esteem for his valient defence of the territory against the invasion of the bogus Mongol Self Defence Army, reported *Central News*. In their present westward compaign, the bandits under Li Shou-hsin and Cho Shih-hai have been repeatedly repulsed by Ta-Mi-Ling-Su-Lung, who is concurrently commander of the bandit suppression force for all yellow, all red, bordered red and bordered blue banners.

KAWAGOE ARRIVES IN TIENTSIN, URGES JAPAN-CHINA ECONOMIC CO-OPERATION

Shigeru Kawagoe, Japanese Ambassador to China, arrived at Tientsin by air from Tsingtao, Aug. 17 to make a first-hand study of the current developments in North China, according to a *Domei* report. After arrival, he called on Lieut.-Gen. Kanichiro Tashiro, Commander of the Japanese forces in North China, to hear the latter's views on the projected readjustment of Sino-Japanese relations. Mr. Kawagoe left for Peiping Aug. 18 for a series of conferences with officials of the Hopei-Chahar Political Council, returning to Tientsin on Aug. 20 to open a conference of Japanese Consuls-General stationed in the northern provinces:

During his stay in Tsingtao, Mr. Kawagoe interviewed Gen. Han Fu-chu, Chairman of Shantung. Mr. Kawagoe's main task, according to *Domei*, is to study the means for inaugurating economic collaboration between ChinaJapan and Manchukuo in North China.

"Contrary to the general belief, I hold that economic co-operation between Japan and China could be secured before the attainment of political stability in North China," Shigeru Kawagoe, Japanese Ambassador to China, told *Domei* Aug. 17 ,on his arrival at Tientsin by plane. A good administration, he added, has its roots in general prosperity and welfare. Therefore, he declared, the way to political stability lies through mutually advantageous economic collaboration. Of the economic undertakings to be tackled first, Mr. Kawagoe held the development of communications, and especially construction of railways and building of harbors, to be the most important. The marked progress made by the cotton spinning and other industries in North China, the Ambassador asserted, proves that there is no reason for pessimism regarding the fields in which economic co-operation could be materialized.

Questioned regarding the projected unification of the Hopei-Chahar Political Council and the East Hopei Autonomous Anti-Communist Government, Mr. Kawagoe declared that "efforts should be made to settle the problem satisfactorily, but the solution should require some time".

Starting from August 20, a three-day conference will be held at Tientsin by the Japanese Consuls in various parts of Nlorth China. The meeting, presided over by Mr. Kawagoe, Japanese Ambassador to China, will discuss the following problems.

1. Reports from the Japanese Consuls.
2. The problem of Sino-Japanese relations in the various districts.
3. The question of an understanding between the Japanese War and Foreign Office.
4. Activities to be conducted by the Japanese Consuls.
5. The question of the expansion of the Japanese garrison in North China.

Much significance is attached to the arrival in North China of S. Kawagoe Japanese Ambassador to Nanking, and the despatch of Gens. Kagesa and Nakamura and Mr. Ota to Manchuria, Tientsin and Peiping, by Tokyo observers who interprete the coincidence as primarily Tokyo's effort at co-ordinating the views and steps of the Government and its agents abroad concerning Japan's major policies towards China, according to a *Central News* dispatch from Tokyo Aug. 18. These observers point out that although the Japanese Foreign, War and Navy Offices' views on China have been in full accord with each other, Japan's military and diplomatic representatives abroad have been unable to follow strictly Tokyo's viewpoints and act as Tokyo had wished. Such a cleavage in opinion, it is held in Tokyo, is a great obstacle towards achieving unity in Japan's foreign policy, and efforts are therefore made to remove these handicaps.

Major-Gen. Gun Hashimoto, newly-appointed chief of staff of the Japanese garrison in North China, arrived at Tientsin from Japan Aug. 18. Lieut.-Col. Sadaaki Kagesa, former assistant military attache in Shanghai who served for a year as chief of the Manchurian and Mongolian Affairs section of the Army General Staff in Tokyo; Commander Katsuhei Nakamura, of the Naval Affairs Bureau of the Navy Ministry and Iohiro Ohta, of the East Asiatic Affairs Bureau of the Foreign Office, arrived on Aug. 23.

JAPANESE PRESS SHANTUNG CHAIRMAN TO JOIN HOPEI-CHAHAR REGIME

According to *Shanghai Evening Post* Aug. 15, the Japanese military authorities in North China have presented four demands to General Han Fu-chu, chairman of Shantung, to force him to join with Hopei and Chahar to form an autonomous government independent of Nanking. The demands were sent to General Han by General Matsumoru, head of the special service division of the Kwantung Army, during the latter's visit at Tsinan. They included suggestions:

That Shantung shall join Chahar and Hopei to form an autonomous government of North China on lines of the East Hopei Autonomous Government headed by Yin Ju-ken, with Japan ready to give all and every assistance;

That General Sung Cheh-yuan and General Han Fu-chu shall be chairman and vice-chairman of the government respectively;

That the new government shall have full control of the financial and monetary policies in North China;

That the new government shall cooperate with Japan to develop all economical resources in North China.

While no official confirmation of the reports were available in Shanghai, it was pointed out that General Han had been visiting Tsingtao to confer with General Chang Chun, minister of foreign affairs, on the matter.

The attitude of Han Fu-chu, Chairman of Shantung, has turned in favor of the Nanking Government, said *Shanghai Nippo* Aug. 14. The Blue Shirts sent by the Nanking Government to that Province have become active, as a result of which the boycott movement against Japanese goods has become intensified. From now on, whether Han Fu-chu will maintain his original attitude of isolation or submit to the control of the Nanking Government is quite an interesting question.

Nanking maneuvers to gain control of Shantung were described Aug. 15 by the *Shanghai Nippo* as "the major political question of Today and tomorrow". The editorial, entitled "Whither Shantung?", predicted that Gen. Han Fu-chu would be compelled to recognize the authority of the Central administration. The activities of the Central Government in Shantung, the daily said, have shown a marked progress since the arrival in Tsinan of Gen. Chiang Po-cheng, a special emissary of Gen. Chiang Kai-shek. "Gen. Han", the journal said, "is a direct follower of Gen. Feng Yu-hsiang. The latter is already ending his days in Nanking, doing the bidding of the Central Government. Gen. Han is still in power in Shantung. What fate will befall him in the future is difficult to predict."

A conference of the Kwantung Army was held in the Headquarters at Changchun on the Aug. 12. Lieutenant Nagami gave a report on the general situation in North China, as follows: (1) After the settlement of the Liang-Kwang problem, the Nanking Government will turn its attention to the problem of the political power of Hopei and Chahar provinces; (2) In order to bring Shangtung under the Nanking Government, the latter has sent Chiang Peh-chen to Shantung for the purpose of intensifying the anti-Manchukuo and anti-Japanese movement. (3) The Nanking Government's actions towards North China are obviously influencing Sino-Japanese relations. Finally a discussion was hold as to what measures should be taken in view of the present situation.

GAIMUSHO BECOMES TARGET OF BITTER ATTACKS FOR INACTIVITY

The Foreign Office has become the target of stinging criticism by parliamentarians and newspapers for its alleged inactivity and inefficiency, said *Domei* Aug. 12. Upsetting all precedents, the critics ignored the Government's home policy, instead assailing the Cabinet for its asserted lack of a definite foreign policy. Bitter attacks on the Government's foreign policy have been delivered within the past two weeks by the Minseito and Seiyukai parties of the House of Representatives and the Kenkyukai party of the Upper Chamber. The Kenkyukai's statement, issued informally

on Aug. 9, urged the Government to elucidate the cardinal points of its foreign policy, especially with regard to China, Soviet Russia and the South Seas. The Tokyo *Nichi-Nichi* has been especially prominent in attacking the Government's "lukewarm" policies towards Soviet Russia and China, while the Tokyo *Asahi* has initiated a movement favoring closer relations with Great Britain. The Military circles regard the attacks on the Gaimusho as a veiled attempt to curtail the military budget. They also point out that Japan's foreign policy has been fixed since the outbreak of the Manchurian Incident of 1931, and assert that there is no necessity to formulate a new foreign policy.

Far from appeasing the growing dissatisfaction of a large asection of press opinion on Japan's foreign policy, the speech of H. Arita, the Japanese Foreign Minister, at a Cabinet meeting on Aug. 11 has aroused a fresh crop of bitter attacks on the Gaimusho, reported *Central News* Aug. 13. Refuting Mr. Arita's assurance, the *Asahi* in an editorial Aug. 13 declared that the Japanese people would certainly not raise such hue and cry for a new definition of Japan's foreign policy had it already been decided upon as claimed by the Foreign Minister. The clamourings exist, the *Asahi* maintained, simply because the nation is left in the dark as to what the Government would pursue next in the field of diplomatics. "The people are dissatisfied with the present conditions." the *Asahi* states, "hence the responsibliity lies with the Hirota Government in reexamining their policy."

The *Nichi Nichi* in an article Aug. 13 advised against any further increase of armament in Manchuria without pause to consider. The *Nichi Nichi* is of the opinion that while the increase of arms in Manchuria has been dictated by circumstances, it will nevertheless result only in an armament race with Russia and further prejudice Japan's mutual relations with that country.

Commenting on the same subject, the *Yomiuri* deplored the fact that none of Mr. Arita's cheery promises made during the last parliamentary session in rationalizing Japan's foreign relations with the U.S.S.R., China, and Great Britain seems to have borne fruit in the six long months that have passed. The widespread outcry for a definite foreign policy as reflected in the papers is interpreted by observers as prmopted by the uneasy feeling of a nation overtaxed with an enormous defence burden. The general impression of the public, these observers believe, is that the maintenance of equally powerful army and navy, in the absence of a clearly defined foreign policy, is meaningless, hence their cry for a definition.

Commenting on what attitude Japan should take towards China, after General Chiang Kai-shek has completed his brilliant work of unification of the country, the *Osaka Mainichi Shimbun* in its editorial on August 9th., writes:

"After the settlement of the Southwestern problem, what attitude is General Chian Kai-shek going to take towards North China? According to Chinese information, General Chiang will bring the Hopei-Chahar Political Council and Shantung under the control of the Central Government. As regards Japan's attitude towards China, her policy will, no doubt, change in accordance with the circumstances. Regardless of how General Chiang intends to carry out the unification of China or how he is becoming surrounded by the anti-Japanese atmosphere, in case he starts any anti-Japanese movement in North China, Japan will immediately take appropriate measures against him. If General Chiang is sincere in cooperating with Japan in settling the problems of North China, Japan will also express her willingness to join hands with him."

Special precautionary measures are being taken by the Tientsin Public Safety Bureau to guard against possible disturbances detrimental to local peace and order, according to Col. Cheng Hsi-hsien, director of the Public Safety Bureau. Reports have been received, he said, that a large number of unscrupulous elements have filtered into Tientsin recently with the ulterior motive of creating disturbances.

SUNG SPEAKS ON ELECTION OF DELETGAES TO NANKING CONGRESS

The election of North China's delegates to the National People's Concress would be held next week, "in such a manner as not to affect the situation in Hopei and Chahar", Gen. Sung Cheh-yuan, Chairman of the Hopei-Chahar Political Council, *Domei* reported Aug. 15.

Officials of the Council, Gen. Sung added, are now considering the election procedure "in accord with the special conditions prevailing in the two provinces". During his stay in Paotingfu, Gen. Sung conferred with special emissaries of Gen. Chiang Kai-shek, President of the Executive Yuan, who expressed the Generalissimo's desire to have North China represented at the People's Congress.

Testifying to the importance attached by the Japanese public on the forthcoming National People's Assembly scheduled for November 12 in Nanking, much speculation are made in the Tokyo papers as to whether Hopei and Chahar will send delegates to the meeting, according to a Tokyo dispatch by the *Central News*.

In answer to questions of foreign journalists, a spokesman of the Gaimusho stated Aug. 17 that the National People's Assembly is purely China's domestic affairs and absolutely does not concern Japan.

Several members of the Central Executive Committee at Nanking have suggested the establishing of a Supreme Advisory Organization consisting of Genros in China, reported *Shanghai Nichi-Nichi* Aug. 14. It is said that it will be an imitation of the Japanese Privy Council.

Nipponese papers in Shanghai reported Aug. 13 that six Japanese had been arrested by the Chinese authorities in Lanchow, Kansu, for travelling in the interior of China without passports. The group, according to the papers, was led by one Yamamoto and was headed for Mongolia. The Foreign Ministry in Nanking, the dailies said, denied having any knowledge of the detention of the six men.

The annual revenue income of the puppet Regime in Eastern Hopei is estimated at $27,400,000. The sum of $15,000,000 will be spent on general government expenditures, while the remaining portion will be devoted to other activities of the puppets.

Hundreds of coolies began work on Aug. 17 of strengthening the coastal fortifications near Amoy, Changmen, Hulishan and Panshin, in Fukien, According to a *Domei* report. The order for the reconstruction of the forts was issued by Admiral Chen Shao-kuan, Navy Minister.

KWANGSI WARLORDS GIVEN THREE DAYS TO LEAVE PROVINCE

General Chiang Kai-shek, President of the Executive Yuan, according to a *Reuters* report Aug. 17, has given Generals Li Tsung-jen and Pai Chung-hsi, the Kwangsi warlords, three days to leave Kwangsi, otherwise the Central Government will use force to settle the situation. In his speech at the formal assumption of office Aug. 17 by all high Party, civil and military officials of the new Kwangtung provincial government, the Generalissimo announced that Generals Li Chai-sum and Chen Min-shu, who participated in the Fukien revolt and who are now affiliated with the Kwangsi movement, have been pardoned by the Central Government. Meanwhile, a sensation has been caused in Canton by a report appearing in the Canton *Kung Sheng Wan Pao* to the effect that Kwangsi has established an alliance with Russia as the result of negotiations which General Chen Min-shu had been conducting with Moscow.

LI, PAI SAID REJECTING TERMS, WAR PREPARATIONS CONTINUE

Generals Li Tsung-jen and Pai Chung-hsi, the Kwangsi warlikrds, rejected Aug. 18 Gen. Chiang Kai-shek's ultimatum to leave the province within three days, according to a *Domei* report. They decided to remain in Kwangsi by virtue of their appointment as Pacification Commissioner and Deputy Pacification Commissioner of the province by the second plenary session of the Central Executive Committee of the Kuomintang. The ultimatum sent to Generals Li and Pai on Aug. 11 by Gen. Chiang demanded that they leave the province and assume their new posts as member of the standing committee of the National Military Affairs Commission and Chairman of Chekiang respectively. The Kwangsi warlords' rejection of the ultimatum served as a signal for an intensification of military preparations by both sides.

REPORTED THREE DEMANDS MADE ON CHIANG BY KWANGSI LEADERS

Negotiations for peaceful settlement of the Kwangsi impasse, based on three latest demands advanced by Generals Li Tsung-jen and Pai Chung-hsi, continued in Canton with General Li Ping-hsien, the Kwangsi chief of staff and chief delegate to the conference, scheduled to return to Nanning by plane with Nanking's replies on the terms.

The three demands, according to reliable sources; are:

1. That the Kwangsi forces should be reorganized into "A" type divisions.

2. That a monthly subsidy of $1,000,000 should be remitted to Nanning by the Central Government and $300,000 from Kwangtung to finance the reconstruction program of Kwangsi province.

3. That Generals Li and Pai shall retire and leave Kwangsi and that General Li Chi-sen should be appointed commander-in-chief of the Kwangsi Army and concurrently pacification commissioner of the province. Officers for civil, judicial and finance affairs are to be appointed by the central government.

While it is believed that General Chiang Kai-shek, president of the Executive Yuan and chairman of the Military Affairs Commission, would accept the first two demands, the recommendation of General Li Chi-sen, notorious for his Fukien Rebellion with the defunct 19th Route Army in 1934, to the highest military posts in Kwangsi would meet most vigorous opposition. It is understood that the central government is insisting on the appointment of General Huang Shao-hsiung as pacification commissioner of Kwangsi.

General Huang Shao-hsiung, newly appointed Pacification Commissioner for Kwangsi, upon his arrival at Canton from Hongkong Aug. 16, called on General Chiang Kai-shek Aug. 17 to report on his conversations at Hongkong with Lieut.-General Chang Jen-min, representative of the Kwangsi leaders. Three measures regarding the settlement of the Kwangsi trouble were then formulated and decided upon by General Chiang. General Huang Shao-hsiung also exchanged views with Lieut.-General Li Pin-hsien, Chief-in-Staff of the Kwangsi Provincial Forces, in the afternoon.

General Pai Chung-hsi, Vice-Commander of the Kwangsi Provincial Forces, arrived at Wuchow Aug. 14 to inspect the defence works. An explosion of ammunition and gasoline stored at the Wuchow wharf occurred on the night of the 12th. The fire caused the death or injury of a dozen persons; the loss is estimated at $200,000.

A resolution urging Generals Li Tsung-jen and Pai Chung-hsi, Kwangsi warlords, to set up a National Salvation Government "within the shortest possible time" was passed on Aug. 12 by a monster mass meeting of Nanning residents, *Domei* reported Aug. 14. The rally also passed a resolution demanding that Gen. Chiang Kai-shek cease warlike preparations against Kwangsi within three days. Otherwise, the resolution said, an appeal be issued to Kuomintang offices and public bodies throughout the nation to censure Gen. Chiang's actions. On Aug. 13, 27 scouting planes of the 9th and 13th Central Air Corps showered leafflets upon Wuchow, urging the populace to pledge allegiance to the Central Government. The planes were fired upon by anti-Aircraft batteries in the city.

KWANGSI AIR CHIEF DESERTS, JOINS GOVERNMENT

Three Kwangsi acroplanes deserted and arrived at Canton to join the Central Government air force, Aug. 14, according to a *Reuters* report.

Squadron-Leader Cheng Tze-hsiug, who was in command of the 'planes, reported that six machines took off at the same time but said he had no news of the whereabouts of the other three. A further 20 pilots, he added, were ready to bring out their acroplanes, but the Kwangsi authorities, discovering their intention, placed them under surveillance. All squadron-leaders in Kwangsi, Mr. Cheng declared, were now detained.

Gen. Lin Wei-cheng, Commander of the Kwangsi Air Force and concurrently Director of the Nanning Aviation School, landed at Canton Aug. 16 with a few of his closest subordinates to surrender to the Central Government, according to *Domei*. His escape was the second serious defection in the ranks of the Kwangsi Air Force during last week, three pilots bringing their craft to Canton on the night of Aug. 14. Alarmed by the defections, the Kwangsi military authorities have placed more than 30 pilots of Cantonese origin under arrest, reports received from Nanning said.

Domei reported Aug. 15 that Kwangsi militia in frontier districts has had several skirmishes with resuglar troops enforcing military conscription. Agents of Gen. Huang Shao-hsiung, the newly appointed Pacification Commissioner of Kwangsi, whose appointment has not been recognized by the Kwangsi warlords, is reported to have distributed large sums of money among Kwangsi officers, on orders from Gen. Chiang Kai-shek.

Lieut.-Gen. Lin who was accompanied by squadron leader Captain Ning Ming-kai stated that he left Nanning on the pretext of flying to Liuchow to reorganize the Kwangsi air force after the earlier defection of six Kwangsi army planes. Meanwhile Captain Cheng Tse-hsiang, leader of the Third Squadron of the Kwangsi Air Force, and three other pilots who deserted Gens. Li Tsung-jen and Pai Chung-hsi on Aug. 14 have issued a circular telegram to the nation denouncing their superiors for their recalcitrant attitude towards the Central Government. Disclosing the fact that the Kwangsi warlords are contemplating to prolong their existence by uniting themselves with the Communists in the event of the failure of their insurgent movement, the telegram said that the Kwangsi airmen refused to be utilized as tools for selfish ends of a few individuals.

The 9th, and 15th squadrons of the Central Govrenment Air Force stationed in Kwangtung, consisting of twenty-seven planes, flew over Wuchow at noon of the 13th inst., scattering advisory hand-bills and demonstrating their machine guns, reported *Shanghai Mainichi Shimbun* Aug. 15.

Captain Cheng Tzu-hsiang, Commander of the 3rd Kwangsi Squadron, and several flying officers of the Kwangsi Air Force who deserted Generals Li Tsung-jen and Pai Chung-hsi, the two Kwangsi leaders, to join the Central Government fold, called on General Chiang Kai-shek ,President of the Military Affairs Commission, Aug. 15 to report on their escape from Kwangsi and existing conditions in Kwangsi.

Lieut.-General Li Ping-hsien, Chief-of-Staff of the Kwangsi Provincial Forces, arrived at Canton by air Aug. 15 and called on General Yu Han-mou, Pacification Commissioner for Kwangtung and concurrently Commander-in-Chief of the 4th Route Army. Accompanied by General Yu, he conferred with General Chiang Kai-shek, regarding measures for the settlement of the Kwangsi trouble. Major-General Liu Wei-chang, Senior Staff Officer of the Kwangsi Provincial Forces, conferred with Lieut.-General Chen Cheng, Director of the Military Readjustment Department of the Provisional Headquarters of the President of the Military Affairs Commission. Lieut.-General Li Yang-ching, until recently Vice-Commander-in-Chief of the 4th Route and concurrently Commander, of the 3rd Army, arrived at Canton from Hongkong Aug. 15 in response to a summons of General Chiang Kai-shek. It is understood that General Chiang desires to send him on a mission to Nanning to see Generals Li Tsung-jen and Pai Chung-hsi, the Kwangsi leaders.

TSAI TING-KAI REPORTED VISITING KWANGSI CAPITAL

"Kwangsi's bold determination in its policy of fighting Japan to bring about China's salvation, even when faced with the threat of complete isolation, caused me to visit Nanning." This statement was credited Aug. 18 by Chinese reports from Nanning to Gen. Tsai Ting-kai, former commander of the 19th Route Army that engaged Japanese forces around Shanghai in 1932 and later fell into disgrace by its participation in the abortive Fukien revolt of 1933-34. Gen. Tsai, the dispatches said, denied that his visit to Nanning had been motivated by "personal reasons" or "because of my personal relations with the Kwangsi military leaders." "Now as before I am convinced that China's sole means of salvation lies in fighting Japan", he was further quoted as having said.

BRITISH GUNBOAT MISTAKEN AS GOVERNMENT VESSEL AND FIRED UPON

A volley of gunfire from the forts on the heights east of Wuchow met the British gunboat *Seamew* when it arrived there from Hongkong at 10.20 p.m. Aug. 14, under the command of Lieut.-Commander P. T. A. Love, reported *United Press*. A dozen rounds were fired at the vessel from twelve-pound mounted guns, but all the shots were wide of the mark. Four rifle bullets, however, hit the armour plate of the *Seamew*, without inflicting any damage. The British vessel did not return the fire. It appeared that the Kwangsi military forces mistook the *Seamew* for a gunboat of the Central government. Gen. Wong Meng-nin, garrison commander at Wuchow called upon British naval officers aboard H. M. S. Moth Aug. 15 to apologize for the firing.

GEN. CHIANG PROMISES NEW DEAL IN ADMINISTRATION TO KWANGTUNG PEOPLE

In the first public utterance since his arrival at Canton from Kuling on August 11, General Chiang Kai-shek promised the Kwangtung people that the Central Government will give them a new deal in Party, political, and financial affairs in a lengthy address at the inauguration ceremony on Aug. 17 when the new Kwangtung Party, civil, and military officials were inducted into office. Administering the oath on behalf of the Central Government, Gen. Chiang stressed the necessity of eradicating political corruption, suppression of opium and gambling evils, and the avoiding of Government competition with private enterprise under the name of monopoly. Only when such urgent reforms are instituted, said Gen. Chiang, can a revolutionary government living up to the hope of Canton be assured. Gen. Chiang in his speech exhorted Party, civil and military officials to work in close co-operation in order to deliver Kwangtung from the yoke under which they have been suffering during the last decade. Deploring over the fact that graft and corruption had been in existence in Kwangtung and the excessively high burden of tax under which the people have been labouring, Gen. Chiang asserted that the new Provincial Government must do all it can to effect a clean administration and to lighten the burden of the people. The Generalissimo held the existing bureaucracy responsible for these evils and ordered that hencefroth no army or Party leader shall be allowed to recommend his own men to any organization.

Introduced by General Yu Han-mou, the new Pacification Commmissioner for Kwangtung and concurrently Commander-in Chief of the 4th Route Army, 65 ranking commanders of Kwangtung and the senior officers of the Pacification Headquarters and the Commander-in-Chief's Headquarters were received Aug. 14 by General Chiang Kai-shek, President of the Military Affairs Commission, at his provisional headquarters at Canton . Those received included the department heads of the two Headquarters, division and brigade commanders now in Canton; Rear-Admiral Chang Chih-ying, Commander of River Defence for Kwangtung; Lieut.-General Chen Ching-yun, Commander of the Air Force in Kwangtung; Rear-Admiral Chen Tse, Commandant of the Bocca Tigris Forts; Lieut.-Generals Li Chen-chiu, Huang Jen-huan, Chang Ta and Miu Pei-nan, Commanders of Military Areas in Kwangtung; various Pacification Officers; Major-General Li Chieh-chih, Commissioner of Public Safety for Canton; and Major-General Li Kiang, Commander of the Gendarmerie.

FORMER KWANGTUNG WARLORD GIVEN PERMIT TO GO ABROAD NEXT MONTH

With the permission of the Central authorities, General Chen Chi-tang, the deposed Kwangtung leader, will go abroad next month, according to Huang Lin-shu, former Provincial Commissioner of Education for Kwangtung. The passport of General Chen will be issued shortly, he said; General Chen will first proceed to France and England and return via America and Japan, he added.

Owing to the pressure of his duties Dr. H. H. Kung, Minister of Finance, is not able to proceed to Canton to supervise over financial readjustment in Kwangtung at present, declared Hsu Kan, Vice-Minister of Finance, who has been instructed by the finance head to go to the South first with T. L. Soong, new Finance Commissioner for Kwangtung, when interviewed by the *Central News Agency* prior to his departure for Canton Aug. 15 from Kuling.

Hawaii as the "Gibraltar" of the Pacific—Admiral Hepburn Sees Nothing to Fight About

Apropos of the report that the United States Navy is planning to expand the Hawaiian naval station and to construct a permanent advance base in Pearl Harbor for the repair of warships, the Tokyo *Miyako* Aug. 7 stated that the Japanese Navy takes the view that the United States is thus trying to expand and strengthen its Pacific fortifications in order to facilitate its trans-Pacific operations. The *Miyako* continued: — "Beginning 1937 the Pacific fortifications clause of the naval treaty goes out of existence and naval bases in the Pacific are bound to be expanded and strengthened. That the United States should have decided in earnest to undertake reconstruction of a permanent repair base in Honolulu and that the American Navy should undertake to expand the Hawaiian naval station, which had been deleted from the Pacific fortifications clause, go to show that the United States is still adhering to its policy of trans-Pacific operation and is eagerly studying tactical problems connected with it. As the result of expansion of the naval station in Honolulu, the American fleet will no longer have to return to its base in the Pacific for repairs but will be refitted in the islands. Also since flying boats are to be stationed in Pearl Harbor, Hawaiian armament will become stronger than over. For these reasons the Japanese Navy is watching the American project closely."

Admiral Hepburn Sees Nothing for United States and Japan to Fight About

War in the Pacific was scouted by Admiral Arthur J. Hepburn, commander in chief of the United States fleet, in an interview given newspapermen shortly after the arrival of the fleet to Hawaiian waters in Honolulu end of last month.

Speaking as a private citizen instead of in his official capacity, Admiral Hepburn said he saw nothing over which the United States and Japan could fight about. Showing a keen interest in the development of commercial aviation and transpacific flying, the admiral remarked that he looked upon the expansion of air lines as "one of the blessings of peace." "I can't conceive of any airlines established for commercial purposes constituting a threat to any navy. It helps to bring the world together," he said.

In regard to the fortification of Pearl Harbor, he said that he knew of no plans for major expansion of the naval base. Beyond what has already been contemplated such as channel dredging and the erection of a new drydock, he was not aware of any major development plans, he said.

A different note was sounded by Governor Joseph B. Poindexter, speaking in New York when he said that with the expenditure of tens of millions of dollars by the army and navy, Hawaii would soon be converted into a new "Gibraltar of the Pacific." Hawaii, he said, would will become the world's "strongest outpost" when the defense scheme calling for expenditures and improvements similar in international importance to Great Britain's development of the Singapore base, is completed, according to the territory's chief executive.

A recent Tokyo dispatch to the *Sin Wen Pao* stated that it had been learned from reliable sources that Mr. Arita, Japanese Minister of Foreign Affairs, will propose to the American Government the signing of a mutual security pact. In addition, the Japanese diplomatic service is making every effort to obtain support from Britain, realizing that Japan has now been diplomatically isolated from the other powers.

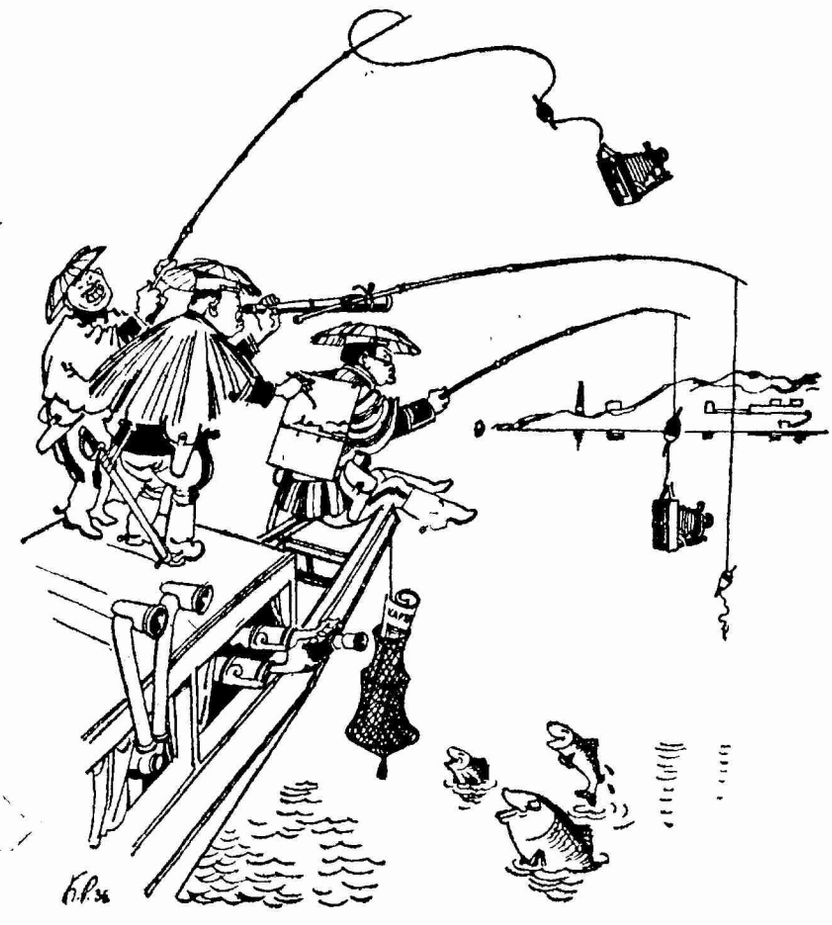
Restrictions on Japanese Trade Now Show Their Effect

Recent correspondence from Tokyo in the *Chicago Tribune* stated that restrictive measures against Japan trade, which have been set up during the past two years in almost every part of the world, are only now beginning to tell on Japanese exports. Statistics for the first three months of 1936 show a falling off in most categories of textiles of from 10 to 15 per cent. In only one major export item, iron manufactured products, has an increase been recorded. What this means to Japan can readily be appreciated when it is pointed out that textiles constitute almost half of the nation's total trade, having been 1 billion 100 million yen (the yen is currently quoted at about 29 cents) in 1935. Up to December last year a steady increase in all U. S. classes of textile exports was maintained. The main factors in the decline of the silk industry were the depression in the United States and the advent of the artificial silk industry. More than 90 per cent of Japan's raw silk exports go to America. With 2,000,000 families—a third of the farming households—in Japan engaged in sericulture, the nation faces a grave crisis. One of the most important questions in the main special session of the diet was the extent of subsidies the government will extend to these farmers.

Член конгресса США Сирович заявил, что японские суда под видом рыболовства у побережья Аляски заняты собиранием сведений военного характера и фотографированием побережья.

(Из газет).

Рис. К. Ротова.



Сказка о японских рыбаках и американских «рыбках».

The note at the top says that newspaper dispatches had reported that Mr. Sirovich, a member of the U. S. Congress, had stated that Japanese boats under the guise of fishing on the coast of Alaska were busily engaged in collecting information of a military character and were photographing the shore-line. The picture is reproduced from the Moscow *Daily News*.

Official Works Out Plan to Readjust U. S.-Japan Trade

A plan for the readjustment of the one-sided trade relations between Japan and the United States has been submitted to the Tokyo Foreign Office jointly by Renzo Sawada and Toyoji Inouye, respectively Consul-General in New York and Commercial Attache to the Embassy in Washington, now in Tokyo on a furlough, the *Chugai Shogyo*, leading commercial paper, reported Aug. 13. Under the terms of the plan, the United States will be asked to increase her purchases of Nippon-made goods to the amount of the favorable balance now enjoyed by America in her trade with Japan. The plan points out that last year Japan exported to the U.S.A. Yen 862,000,000 worth of goods, of which Yen 623,000,000 represented miscellaneous commodities. To balance the trade relations between the two countries, the United States would have been asked, under the terms of the plan, to purchase Japanese miscellaneous goods valued at Yen 623,000,000, plus Yen 319,000,000, which represented the American favorable balance for the year.

Japanese Navy to Seek Yen 770,000,000 Appropriation

Setting a new high mark in draft naval appropriations, the Tokyo Navy Ministry Aug. 18 revealed that it would try to secure Yen 770,000,000 to spend in the 1937-38 fiscal year that begins on April 1 next year. This sum is Yen 68,000,000 more than what the service originally sought last year. Included, according to navy officials, are Yen 430,000,000 listed as basic expenditures and Yen 340,000,000 classified as new demands. The latter comprise appropriations for the construction of battleships and of auxiliary vessels to cope with the "treatyless" situation which 1937 will usher in; in the maintenance and modernization of existing vessels; the organization of additional aircraft squadrons and the replenishment of armament and munition stocks.

Dr. Eiichi Baba, Aug. 18 besought his colleagues heading the armed services from planning further raids on the already-depleted national treasury. He made his plea at a special meeting of General Terauchi, War Minister, and Admiral Osami Nagano, Navy Minister, called by Premier Koki Hirota following the regular bi-weekly meeting of the Cabinet.

Japan's National Debt Reaches Yen 9,880,697,000

Japan's outstanding national bonds totalled Yen 9,880,697,000 at the end of July, representing an increase of Yen 1,702,000 over the figure for the preceding month, the Finance Ministry announced in Tokyo, Aug. 12. Of the total, Yen 8,553,290,000 represented domestic securities and Yen 1,327,407,000 foreign loans.

The two major political parties in Japan recently formally advised the Premier, Koki Hirota, to formulate a definite foreign policy on which to establish Japan's national defence program and other important national policies. Approving their action, the *Chugai*, a leading financial daily, stressed the vital importance of establishing Japan's foreign policy ahead of all other national policies, particularly with a view to improving relations with China and the U.S.S.R. and readjusting them with Great Britain and the United States. The *Nichi Nichi*, in similar vein, remarked that: national defence which did not anticipate diplomacy as a prerequisite would only unnecessarily stimulate the nerves of the Powers, with the result that they would impatiently push on their war preparations, necessitating war preparations also on Japan's part, thus further intensifying world armament competition.

Army Supports Nationalization of Electric Power Industry

The Army Aug. 15 announced its support of the plan to nationalize the electric power industry. This fact was disclosed in the course of an interview between Major-Gen. Rensuke Isogai, Director of the War Ministry's Military Affairs Bureau and one-time military attache in Shanghai, Yoshizo Ikeo, Chairman of the powerful Institute of Electricity and President of the vaast Nigon Electric Power Company. Major-Gen. Isogai informed the industrialist, who came expressly for the purpose of learning the Army's views on the question, that the military regarded Government control of the electric power industry as an essential part of the defense program.

In interviews with *Domei*, Dr. Baba has several times recterated that the proposed nationalization scheme and the plan to extend the age-limit of compulsory education are the most significant, as well as the most difficult of realization, among the proposed reforms. "My major worry now", the Minister confessed, "is to persuade local banks to purchase the securities of the South Manchuria Railway Company, which has been placed in a difficult position by the current monetary situation."

Dr. Baba said reforms contemplated by him included a reorganization of special banks outside of Japan, including the Banks of Formosa and Chosen, and the Industrial Bank of Korea.

Rapidly gaining new supporters, the attack on the Government's "procrastinating" attitude towards the formulation of new national policies began on Aug. 14 to overshadow the annual interministerial budgetary squabble. The movement was initiated by the Seiyukai party, with the latter's chief rival, the Minseito party, quickly taking up the cry for reforms. Later on, the movement gained new adherents in the House of Peers and in the editorial columns of metropolitan papers.

Baba Favors Private Operation of Utilities

Dr. Eichi Baba, Finance Minister, told *Domei* Aug. 16 that he favored private operation of the electric power inudstry, under strict Government supervision. The statement attracted wide attention, in view of the Army's insistence on the adoption of the Communications Ministry's project for virtual nationalization of the industry.

Japanese Exports and Imports Show Decline

Japan's trade in the first ten days of August resulted in a favorable balance of Yen 7,273,000, with exports totalling Yen 67,048,000 and imports reaching Yen 59,775,000, the Finance Ministry announced this week. The unfavorable balance since the beginning of the year now stands at Yen 291,875,000. Both imports and exports during the ten-day period showed marked decrease, the exports of eight staples showing a loss of Yen 9,079,000 and the miscellaneous goods a loss of Yen 20,495,000, as compared with the corresponding term of last year. The imports shrank by Yen 19,284,000.

Navy Minister's Approval of Fuel Policy Sought

A new national fuel policy, designed to make Japan independent of foreign sources of liquid fuel in time of emergency, was explained in detail Aug. 13 to Admiral Osami Nagano, Navy Minister, by Dr. Gotaro Ogawa, Minister of Commerce and Industry. The policy encourages particularly the encouragement of the manufacture of substitutes for petroleum.

Would-Be Assassin of Ugaki Gets Jail Term

Three unsuccessful attempts to assassinate Gen. Kazunari Ugaki, the retiring Governor-General of Korea, by a Korean terrorist band in November and December of last year were revealed in Seoul, Aug. 17, with the lifting of a press ban. Gen. Ugaki, whose replacement by Gen. Jiro Minami was gazetted last week, was to have been killed by a bomb thrown by So Antoku, a 26-year old delivery boy. The attempts to toss bombs at Gen. Ugaki, made on November 17 and 18 and December 14, were all frustrated, with the would-be assassin being captured after the last attempt. The local court in Seoul has sentenced Antoku to ten years imprisonment, while his four accomplices were given prison terms ranging between two and three-and-a-half years.

Gaimusho to Have Office in Osaka

Determined to push forward his plans for active trade promotion, Hachiro Arita, Foreign Minister, has decided to establish a branch of the Gaimusho in Osaka. The head of the new office, of a rank directly appointive by the Emperor, will have as his main task the maintenance of close contact with Kwansai manufacturers and exporters.

Italy and Japan Reach Agreement to Exchange Students

Domei states that an agreement for the annual exchange of two students, a man and woman, has been reached between Italy and Japan.

Japanese Sewing Machine Companies Combine to Oust Singer Product

Recent advices from Japan state that plans are under way to drive the Singer sewing machines out of the country. The three most influential Japanese sewing machine companies in the Kwanto district, which had previously engaged in reckless competition among themselves, are now planning to conclude a new production agreement among themselves to maintain a common front against Singer machines, which are imported into Japan at rate of Yen 5,000,000 a year. Conversations to this end are now in progress among the leaders of said three Japanese companies.

Institute of Pacific Relations Conference Opens in Yosemite, California

The sixth session of the Institute of Pacific Relations opened at Yosemite, Calif., Aug. 15 in the presence of representatives of eleven courties fringing the Pacific. Newton D. Baker, former United States' Secretary of War, presided. Mr. Baker emphasized the necessity of maintaining universal peace, suggesting a pledge by the Pacific countries to shun force.

Unusual importance is attached to the meeting in that this will be the first time that the U.S.S.R. has participated.

Though the delegations generally are be composed of members from the countries themselves, China decided to include one Chinese delegate from the United States, namely Dr. N. Wing Mah, who did research work at the University of California before becoming a member of the faculty of that institution. The United States delegation will includes Chester Rowell, editor of the *San Francisco Chronicle*, president of the California association for the League of Nations and authority on Far Eastern affairs.

A *United Press* message from Yosemite, Aug. 12, stated that Japan's sudden foreign trade and economic expansion, which began almost simultaneously with her invasion of Manchuria in 1931 and her subsequent creation of the state of Manchukuo, will be given a thorough scrutinizing. An effort will be made to ascertain the total magnitude of Japanese trade expansion since 1931.

The *China Times* Aug. 15, discussing the issues which will come before the I.P.R., commented:—"Since Japan has got nothing from Manchuria, she cannot but think of another way out, that is, to endeavor to close the door to Asia and to try to monopolize the whole of the Chinese market. The procedure of this plan obviously comes into open conflict with Great Britain and the United States, thereby putting Japan into the position of international isolation. The policy of dumping Japanese goods also raises a movement against Japanese goods all over the world. Therefore, in order to free herself from economic distress, Japan should automatically extinguish Manchukuo and return the territorial sovereignty of the Chinese Northeastern Provinces to China; in the meantime, she should readjust Sino-Japanese relations and thoroughly understand the fact that the renaissance of China is the first step leading to Oriental prosperity."

The Parade of New Puppets

BY T. S. YOUNG

IN the days when we are oppressed by the excessive heat, it provides for us some relief to watch the political performance as enacted by the so-called Hopei-Chahar Political Council. As if to relieve the monotony of the show and to keep up the interest of the audience, the Japanese stage managers have been very thoughtful in adding from time to time new names to the cast, which has already been hailed as an all-star one. With the addition of many new "stars," the performance will, of course, become more attractive and interesting to the thrill-loving public, who at present seem to become disinterested in the monotonous puppet show put up by the Japanese producers.

What interests us is not the performance itself, but the long list of actors who have been engaged by the Japanese producers to make the performance successful. Aside from Gen. Sung Cheh-yuen and his henchmen, all the other actors are no other but the remanants of the past regime, who generally have nothing to recommend themselves but the notorious names they made when they were at the peak of their power. That they have no love for the Kuomintang and the National Government is quite understandable; but in view of their advanced age and the national calamities for which they were individually or collectively responsible in the past, they should be content with their fate by living in retirement with penitance without permitting themselves to be lured once again by political fortunes held out by alien hands.

After vicissitudes in their fortune, they are still seized by wide ambitions and engrossed by political dreams. Their ambitions and dreams have made their vision obscure, their reason confounded and their judgment unbalanced. They are driven to take any chance which may be instrumental in staging their comeback to the political arena even to the extent of betraying their country, so long as they, by so doing, can satisfy their thirst for political glory and fortune. Their senses and acts are totally swayed by their desire to gain, and for their self-interest and self-aggrandizement, they do not disdain to play into the hands of Japanese manipulators, who, in turn, seek to utilize their notorious names for the purpose of pulling their chestnuts out of the fire. This accounts for the fact that political "outs," one by one, are now being enlisted by the Japanese stage-producers to play the leading roles of their puppet shows in North China.

Japanese Provide Jobs for Forgotten Warlords

The Japanese are indeed very generous in providing jobs for those unemployed and forgotten Chinese politicians and warlords. Recently three notorious names have been added to the Hopei-Charhar Political Council. The first of the trio is Gen. Shih Yu-shan, a former adherent of Gen. Feng Yu-hsiang. He was not known to the public until after the establishment of the National Government, and made a notorious name from his readiness to change his color like a chameleon. His short-lived revolt against the Nanking Government in 1930 made him a persona non grata to the Kuomintang and also its irreconcilable enemy. For a time his whereabouts was unknown but immediately after the Japanese invasion of Manchuria, he emerged from his forced retirement as the paid agent of the Japanese army. In 1931-2, he with Japanese support led many futile uprisings in Tientsin in an attempt to overthrow Gen. Chang Hsueh-liang, who was then in control of North China. In 1933 he once again came into prominence by directing subversive activities in the Luantung demilitarized zone, which resulted in his proscription by the Nanking Government.

That a person with such a notorious record should become a favorite of the Japanese can be well understood, inasmuch as they have always been on the alert to intrigue with political enemies and malcontents of the Chinese Government for the purpose of inciting domestic troubles, so that they can fish in troubled waters. As a token of their recognition of his past services, we have been told, they have been insistent upon his appointment notwithstanding the strong objection raised by the Nanking authorities. It sounds rather curious that a person who has been proscribed for the past two years should now sit in a political council which is still under the jurisdiction of the Nanking Government. But as many curious things have happened in the past few years, so Gen. Shih has been escorted back to the old capital not as a fugitive but as a "conquering hero." The Chinese Government, it must be said, has once again bowed to the will of the Japanese army and lost its important "face" into the bargain.

The second name which has returned to the political limelights is Tsao Ju-lin, a former Foreign Minister of the pro-Japanese Anfu Government. Mr. Tsao's name may not be very well known to the students of the present day, but was very "popular" with the students throughout the country seventeen years ago. In 1919, the principal motive of the first nationwide student movement was to oust Mr. Tsao and two of his colleagues from their offices because of their traitorous dealings with the Japanese. In this connection, it is of interest to note that quite a few of the student leaders of that movement are now holding high offices with the Nanking Government. I wonder what will be the impressions of those officials who in their younger days participated actively in throwing down the traitors and now find that one of the traitors has been awarded with a high political post in North China. Since that incident, Mr. Tsao's name became too notorious to permit him to re-enter the political arena until the present.

That Mr. Tsao's appointment is another reward on the part of the Japanese for his services in the promotion of Japanese interests in China can not be gainsaid. He who has been denounced by the Chinese as a traitor can not but be a hero in the eyes of the Japanese, as in the case of Yin Ju-keng, who has been hailed by the Japanese press as the people's hero. Although it seems that Mr. Tsao is very anxious to stage his political comeback, yet he has still some difficulty to contend with because of the strong opposition raised by the 29th Route Army to his appointment. According to the vernacular press, he is reported as having declined the appointment on the pretext of the advanced age of his mother and his own ill health. It is exceedingly doubtful that the 29th Route Army can raise enough opposition to a man who has been counted upon by the Japanese as their dependable agent.

A General of Little Ability, But Much Ambition

The last of the trio is Gen. Chi Hsieh-yuan, the erstwhile warlord of Kiangsu province. Gen. Chi, a man of very little ability but much ambition, was principally responsible for the futile Kiangsu-Chekiang war in 1924, which is still being cursed by the people of these two provinces. His administration was shot through with corruption and evils, and the provincial finance of this rich province was in a bankrupt state at the time when he was driven out by the Fengtien Army in 1925. He took refuge in Japan for some time, and in 1926 joined the northern coalition against the Nationalist forces. Since the collapse of Northern coalition, he has lived in retirement in Tientsin and become a devout disciple of Buddhism.

What political appointment is to be given to Gen. Chi has not yet been announced, but it has been long reported that a high political post will be awarded to him. Although a disciple of Buddhism, he seems still to take a great relish in mundane pleasures. In spite of his advanced age, he took a new wife last year in a ceremony which caused the whole country to talk for some time. This matter convinces us that he has not yet totally abandoned this temporal world, and has still retained his former lust for power and pleasure.

One wonders why the Japanese have enlisted the services of these notorious figures to play their political games. True, these notorious figures have big names, but these big names, are liabilities instead of assets to any political administration. The Japanese can not be oblivious of the fact that their addition to the Hopei-Charhar Political Council would only make it still more ridiculous in the eyes of the Chinese people. How can the people place any confidence in a political set-up, which has been headed by these discredited men? And how can such a political administration gain any success when it commands no confidence of the public?

This state of affairs has at least revealed one salient fact, that is, the Japanese, after having made vain efforts to induce men of high standing to become their puppets, are now content with utilizing the services of any politicians and warlords, so long as they are the enemies of the Nanking Government and willing to follow the Japanese dictates. Before long this Hopei-Charhar Political Council will become a refuge of political enemies of the Nanking regime, where strangely-assorted yokefellows will come together with nothing in common but their willingness to serve as Japanese cats'-paws.

Chinese Art Treasures Abroad Not to Be Compared with Peiping Collection

Of the countless Chinese art treasures scattered in foreign lands, jade and bronze works may be counted as among the most valuable collection, according to a report made by Dr. T. F. Cheng, Commissioner to the recent Chinese art exhibition in London, to the Executive Yuan recently. While foreign countries possess a sizable collection of Chinese calligraphic art and painting, the majority of them belong to the ordinary class, although a few brilliant pieces of brush and color work are occasionally found, the report said. In the opinion of Dr. Cheng, foreign connoisseurs of Chinese bronze wares are more interested in shape, decorativeness and color than in their inscriptions. The same, he said, applies to lovers of Chinese jade.

Although the foreign collections of Chinese bronze and ceramic arts are surprisingly large, Dr. Cheng concluded, it can in no way be compared with the collection in the Palace Museum in Peiping.

The "Shantung Question" Comes Up Again

BY C. Y. W. MENG 孟長泳

THE outbreak of the Great War in the summer of 1914 produced immediate and important effects upon the Far East, and the fall of Tsingtao into the hands of Japanese attackers in the early part of November opened another long chapter of controversy in the history of Eastern Asia, creating what is know as the "Shantung Question." At the Washington Conference, of much more popular interest than any other problems and the cause of more controversy, was that of Shantung. The two most difficult matters for settlement were the control of the Kiaochow-Tsinan Railway, and the disposition of public properties in Tsingtao. But at any rate, due to the "good offices" of Authur Balfour and Secretary Hughes, as well as the adopton of the "Root Principles," and after much protracted negotiations—36 in number—the Sino-Japanese Agreement for the settlement of outstanding questions relating to Shantung was concluded. Japan finally agreed to restore the Kiaochow-Tsinan Railway to China in payment for $32,000,000 silver to be paid in the form of Chinese treasury notes, which should be redeemed in from five to fifteen years and be secured upon the railway itself and its revenues. In redeeming these notes, it was agreed that China should obtain funds from "Chinese sources only." During said period, a Japanese traffic manager and an associate chief accountant, responsible to and removable for cause by a Chinese managing-director, were to hold office. The transfer of Kiaochow leased territory took place on December 5, 1923.

But this by no means marks the closing of the long chapter of Sino-Japanese controversy over Shantung in Far Eastern history. With the occupation of the whole of Manchuria, and with the Japanese "victorious army" marching on from the very north to the center of China, the old "Shantung Question" is bound to come up again, and therefore merits our attention. In fact, events of latest developments have already convinced us that the old "Shantung Question" is revived, and that the situation in Shantung is not necessarily less serious than that in Hopei, Chahar and Suiyuan. "This summer, we may go freely to Tsingtao—China's famous summer resort,—but next summer, a Japanese 'passport' may be required!" is the opinion of some keen observers who returned from Tsingtao today! It is also to be remembered that in the "five-Northern Province Autonomy Plan" which the Japanese militarists intended to realize a short time ago, Shantung is also included as one of the five provinces, though by geographical location, Shantung is not a northern province. But the plan was frustrated largely due to the strong attitude of the Chinese leaders in Shantung. But this by no means had discouraged the Japanese militarists and intrigue-formulators. Since then we have seen many Japanese visitors, officials or non-officials, diplomats as well as militarists visiting Shantung and interviewing high Shantung officials. The "Shantung Question" is undoubtedly one of the important issues of the whole North China situation!

Tsinan-Lunchow Railway

Group I (relating to Shantung) of the "21 Demands" requested China (1) to assent in advance to any agreement which might later be made between herself and Germany as to the disposition of German rights in Shantung; (2) to agree not to alienate "to a third power" any territory in, or along the coast of, Shantung; (3) to permit Japan to build a railway to join Chefoo or Lunchow with the Kiaochow-Tsinan Railway; and (4) to open "certain important cities and towns" in Shantung as commercial ports. So, according to our latest information, the Japanese have already expressed their opinion to Nanking that they want "to invest their capital in the construction of a Tsinan-Lunchow Railway." To put it in more straightforward and simple terms, Japan demands the construction of the Tsinan-Lunchow Railway in fulfillment of their desire as provided in their 21 Demands to China about twenty years ago.

To demand the construction of railways in China is not a new Japanese demand. Japan demanded previously the construction of the "Tsangchow-Shihkaichuang Railway"—a problem which we have discussed previously. According to current report, the construction of the railway will be divided into two sections: First from Tsangchow to Shihkaichuang; and secondly, from Tsangchow to Taiku, thus not only connecting the east and west of Hopei, or the Tientsin-Pukow Railway and Peiping-Hankow Railway, but also linking the very center of Shansi (Taiyuan) and an open sea port (Taiku). According to the general estimation of the cost of construction, it is about $60,000 per kilometer, or about $18,000,000 for the Tsangchow-Shihkaichuang line. When the cost of construction of bridges, etc. is further added, the total cost of the line will be about $27,000,000. But, according to report, the S. M. R. (South Manchuria Railway) Company alone will be responsible for providing the necessary funds and supplying necessary equipments and materials, including all other "technical assistance," so that the Railway "will be more militarized" (*Shun Pao*, August 12), meaning principally for military uses. This means and necessitates the borrowing of capital for construction from the Japanese bankers, necessarily on long-time loan; also the pledging of the property and the revenues of the Railway as security, and the employing of Japanese experts and engineers and traffic managers. To put it in other words, this means the "entire Japanese control of this important railway." What is true of the Tsangchow-Shihkaichuang Railway is sure to be also true of the Tsinan-Lunchow or Tsinan-Lunchow-Chefoo Railway.

We remember that during the Sino-Japanese negotiations over the transfer of the Kiaochow-Tsinan Railway to China, Japan suggested exactly the same thing of refusing to accept cash payment but insisting that China should borrow from Japanese bankers on a long-time loan, and during that period, a Japanese traffic manager and an associate chief accountant were to hold office, etc. (Morse-MacNair: Far Eastern International Relations, p. 697). But by that time, China had the courage to reject the Japanese suggestion on the ground that it would mean Japanese "control" of the railway. Whether China will again reject the Japanese suggestion regarding the Tsinan-Lunchow Railway, we do not know definitely at present. At any rate, the construction of the Tsangchow-Shihkaichuang Railway with only Japanese "financial and technical assistance" from the S.M.R. Company is indeed a "dangerous precedent."

Chaoyung Gold Fields

Mining operations at the Chaoyung gold field in Shantung will be started early in January next year by a joint Sino-Japanese firm, Tsurumatsu Toshimitsu, main promoter of the concern, announced in Tokyo on July 4. According to his statement "permission to start work was granted by the Nanking Government on May 11." The mining company, which will have its headquarters in the building of the Kinugawa Hydroelectric Company, one of the largest enterprises, of this kind in Japan, of which Mr. Toshimitsu is the president, will be capitalized at $1,700,000.

But, according to our latest information, the exploitation of this gold mine is again demanded, and is to be included on the program of Sino-Japanese "economic co-operation" in North China.

Japan's "Five Demands" to Gen. Han Fu-chu

According to another report, the Japanese authorities have presented to General Han Fu-chu "five demands." The object of these demands is to force General Han to join Hopei and Chahar in the formation of a new autonomous government. The Japanese Foreign Office alleged that the anti-Japanese atmosphere has been revised in Tsinan (Shantung), Tientsin, Peiping and Hankow.

Japanese Residents' "Mass Meeting" in Tsingtao

According to a telegram in *Min Kuo Jih Pao*, Canton, August 3 from Peiping, only recently a "mass meeting of all Japanese residents in China" was held in Tsingtao. It was further reported that many "secret resolutions" of "most alarming nature" were adopted, one of them being the "extension of the 'military organizations' of the Japanese residents in China." For every 20 residents in any locality, there should be one "branch military organization." Every organization should provide more "detectives" to do the volunteer detective work to find out the "local Chinese political and military secrets" for the Japanese military authorities!

Chang Chuan's Trip to Tsingtao—Any Mission?

Only a few days ago, General Chang Chuan, Minister of Foreign Affairs, took an air trip to Tsingtao, allegedly to visit his sick son. But it is generally believed in Nanking circles that the Minister of Foreign Affairs carried with him some other mission other than to see his son in Tsingtao. During this visit our solider-diplomat will undoubtedly meet many high dignities in Shantung, including General Han Fu-chu, Chairman of Shantung Province, where a face-to-face discussion is quite possible. So, to see General Han to discuss about the "Shantung Question," as a result of Japanese demands, and other issues of Sino-Japanese economic co-operation is probably the purpose of his trip to Shantung!

Although we do not know as yet the nature or the outcome of Gen. Chang's conversation with General Han and other officials in Shantung, there is no denial of the fact that the so-called "Shantung Question" has again become serious, necessitating General Chang's trip to Shantung so as to have personal discussion of the situation with the authorities, and that the Province of Shantung—China's Holy Land—and its chairman, General Han, will play a great part in the whole North China situation in the near future!

At the same time, it is important to note that Mr. Kawagoe, Japanese Ambassador to China, had also left for Tsingtao on August 13, on his way to North China for a two-week inspection tour of North China. But, according to the Japanese reports, the Japanese Ambassador will plunge into a series of interviews with Lieut-General Kanichiro Tashiro, Commander of the Japanese forces in North China. He will later proceed to

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confer with the leaders of the Hopei-Chahar Political Council. On his return trip, it is stated, Mr. Kawagoe will stop in Tsingtao to exchange views with General Han Fu-chu. Political circles in Japan, according to further report, regard Mr. Kawagoe's visit to North China, as a preliminary to the opening of negotiations on the readjustment of Sino-Japanese relations some time this autumn.

Redemption of Kiaochow-Tsinan Railway

As stated above, by agreement, Japan agreed to restore this railway to China, and China agreed to pay for $32,000,000 silver in the form of Chinese treasury notes, which should be redeemed in five to fifteen years. China further agreed that China should obtain the funds from "Chinese sources only." At one time, a movement was on foot to redeem the railway by "contributions" from the Chinese. Needless for us to point out—the payment has been over-due for a long time. But, as far as we know, up to the present, no payment has ever been made by China. When China and Japan are in accord, and when Japan has no aggressive desire in China, the delay or non-payment is not a serious question. But when the Japanese entertain strong "territorial designs" in Shantung, the matter at once assumes a grave aspect. It is one of the causes for action—a situation similar to a creditor and debtor. When they are on good terms, the failure to make the payment in due time is nothing serious. But when the creditor has already an intention to "molest" the debtor, the failure is an opportunity. Every one know that at present the Chinese National Treasury is woefully depleted. To redeem the treasury note of $32,000,000 out of the Chinese "funds only" is physically impossible for the Chinese to do. But here is a good chance for the Japanese to revise the old "Shantung Question," and to put up many "demands," and to take advantage of the situation to extract many of the promises from Nanking. So we advise the Chinese that we must pay full attention to the situation in Shantung. China fought hard in bringing Shantung, once the "straying lamb," into the Chinese fold. But will this "straying lamb" be again lost?

Nanking, August 14, 1936.

Are London and Tokyo Haggling Over the Price of Anglo-Japanese Rapprochement?

BY C. Y. HSIEH (謝志秄)

THE publication by the *Asahi Shimbun* on Aug. 6 of the sensational report of a new plan for Anglo-Japanese rapprochement from its London correspondent, followed by a prompt denial first by responsible British official circles and then by the Gaimusho, has shed some useful light on a new turn in diplomatic bargaining in the Far East. For quite some time it has been Britain's unenviable task to approach Tokyo with hint after hint that "Barkis is willing," without receiving any encouragement. It seems now that, irked by the complete lack of success, Britain has begun to adopt the tactics of seeking Moscow's hand. Whether John Bull is in real earnest about the change, or is simply playing a trump card to win back his old flame, so to speak, it is difficult to say. But it has not infrequently happened in history that affected friendship blossomed into firm alliance and that pretended indifference developed into lasting enmity. For this reason who can vouchsafe that the present Anglo-Soviet hobnobbing may not result in greater political cooperation with all its world-wide and Far Eastern implications? It is natural that none is more keen than Tokyo to sense the danger of the new trend and none more anxious to prevent its logical fruition. It is in this light that the latest Tokyo-inspired story of the revival of Anglo-Japanese rapprochement should be received.

On Britain's part there has been a real and acute grievance against Japan's hitherto refractory attitude. A sizeable portion of the British Empire lies in the East and in China British rights and interests are not negligible. Unlike the United States, the British Government has never given any intimation, official or unofficial, of its readiness to withdraw from the Far East. Rather theirs is the determination to hold to their Far Eastern position tenaciously, lest a retreat therefrom might set the ball rolling on a redistribution by the "hungry" Powers for British colonies and possessions all over the world. Whatever may by said of the merit of any such redistribution in theory, Britain is not prepared for it, at least not now when the slightest concession would start a disastrous scramble. Thus it is that the British Government is resolved to defend its rights and interests in this part of the would as best it can.

Why Britain Is Prone to Rely on Japan

No less understandable is continued reliance of the British upon Japan for such defence and protection. To say this is not to imply that Britain had been blind to Japan's treachery and to the many unholy sacrifices made on the altar of the Anglo-Japanese Alliance. It would be a slight on the practical sagacity of the Englishmen to suggest that the infamous transactions which Tokyo had contrived to put through behind their backs could eventually escape their attention. If London continued to rely on a partner by whom the partnership had more than once been exploited at its expense, it was partly due to the sentimental attachment to Japan of a section of British politicians—notably the Conservatives, and partly because Britain has not yet succeeded in devising a new formula for a political balance in the Far East.

This explains why Britain has taken meticulous care not to censure Japan for invasion and occupation of Manchuria. With the exception of Lord Lytton's part in the League Commission of Enquiry, the report of which finally condemned Japan as the aggressor, Britain's doings at Geneva were certainly no credit to a great nation. Even Lord Lytton's membership and chairmanship in the Commission was carefully explained away as carrying no official support. The same argument was used to camouflage the Barnby Mission to Japan and Manchukuo in 1934—a mission which caused grave misgivings and did much mischief. As late as Sir Frederick Leith-Ross' mission to the Far East last year, London did not let slip a chance whereby Anglo-Japanese collaboration might be restored. Suffice it to say that the itinerary of the mission was laid out in such a way as to give Tokyo another beckoning sign, a sign which was repeated shortly before Sir Frederick's recent departure for England following the conclusion of his mission.

It is natural to expect that this considerate attitude of Britain's has been duly reciprocated by Japan. It has not. The favorable gestures from London proved to be mere love's labor lost. When one has come to think of the whole situation, one cannot help questioning whether compromise and expediency, instead of honor and integrity, is the best policy in international as in personal relations. For in this connection the problem is irresistibly posed, if the readiness of Great Britain and some other Powers to sacrifice great principles of international conduct in favor of temporary accommodation has not degraded the Western nations in the eyes of Japan and strengthened her defiance.

And so it is that Sir Frederick Leith-Ross with all his dignity and tact could not succeed in inducing Japan to come to terms. With his failure there has been a growing realization that Great Britain must look elsewhere than Tokyo for the protection of her interests in the Far East. Coincidentally with his return to England came a statement of the Foreign Office to the effect that Britain still has considerable interests in North China and that it had not, as was reported, been considering the removal of the British Embassy from Peiping. Soon after, an announcement was made in the House of Commons by the President of the Board of Trade of the conclusion of an agreement with the Soviet Government for the extension of large commercial credits to the U.S.S.R. Following this announcement it became known also that pourparlers have been started between London and Moscow for the negotiation of an Anglo-Soviet naval accord along the same lines as those underlying the Anglo-German pact.

Profound Changes in Britain's Conduct of Foreign Relations

It is open to reasonable doubt whether the Conservative party now in harness in England could eventually reverse its traditional policy of checking Soviet influence by supporting Japan. But of late silent, though none the less profound, changes have taken place in Britain's conduct of foreign relations. The Italo-Ethiopian embroglio has shaken the hitherto unquestioned confidence in traditional good-will between England and Italy and this disillusionment is bound to have repercussions on the much vaunted Anglo-Japanese rapprochement, which is but another tradition. At the same time there has been a noticeable improvement in the relations between London and Moscow since the latter's membership in the League of Nations—an improvement which stands a good chance of being further augmented by the daily widening cleavage between the fascist and anti-fascist alignments in Europe. It cannot fail to impress itself on public opinion in England that if London and Moscow can come together, not only will the stability and peace in Europe be adequately assured, but the Far Eastern situation will also stand to gain. The fact that it is Japan, not the U.S.S.R., which has for some time past been threatening to upset the political balance in this part of the world should make Anglo-Soviet cooperation all the more desirable as a restraining influence.

To these calculations Tokyo is no stranger. That she is fully alive to the danger of driving Britain into the arms of the Soviets is borne out now by the all too patent inspiration of the sensational story in the *Asahi Shimbun*. On the three provisions of the alleged compromise between London and Tokyo, namely those concerning China, Anglo-Japanese general trade relations and the naval issue, it is not our purpose to offer any other comment than that, even granting they are true, they embody more of Japan's aspirations than the British could swallow. And yet the spokesman of the Gaimusho, while professing ignorance of the whole matter, was naive enough to ask, in characteristic Japanese fashion, whether these provisions are not too high a price for Japan to pay for Britain's recognition of "Manchukuo."

As things stand, Britain has scored a tactical advantage over Japan. The question now is whether she will use it to cement the newly formed Anglo-Soviet cooperation, or will she translate it into a greater bargaining power in the haggling over price of the revival of the antiquated and discredited Anglo-Japanese rapprochement?

Need for Factory Inspection Urged by District People's Association

The Shanghai First Special District People's Association in a petition to the Ministry of Industry Aug. 10 urged that factory inspection be instituted in the Shanghai International Settlement without further delay.

Following protracted negotiations between the Greater Shanghai Municipal Government and the Shanghai Municipal Council (of the International Settlement), the petition recalled, a draft agreement for the enforcement of factory inspection in the International Settlement was drawn up and mutually approved on July 24. However, the Consular Body in Shanghai had expressed its disapproval of the agreement, on the ground that no distinction is made between factories established by foreign nationals enjoying extraterritorial rights and those established by non-extraterritorial subjects. Consequently, the enforcement of factory inspection in the International Settlement has been further postponed.

Continuing, the petition reported that during one recent month no less than 229 accidents had occurred in factories situated in the International Settlement. As the result of these accidents, 12 lives were lost, and 7 women severely injured. The fact that so many accidents had occurred in the Settlement within the span of one month shows that factory inspection is urgently required in the Settlement. In the interests of the hundreds of thousands of factory workers in the International Settlement, the petition urged that negotiations be continued for the early enforcement of factory inspection in the Settlement.

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Ex-U. S. Lieut-Com. Farnsworth Indicted on New Charge of Attempting to Sell Secrets

John S. Farnsworth, former lieutenant-commander in the United States Navy, already charged with selling confidential naval information, was on Aug. 11 indicted for a second time on a new charge which not only accused him of attempting to sell naval secrets, but specifically mentioned Japan as the nation to which he sought to dispose of the information. The new indictment supersedes the one on which Farnsworth is being held in jail in Washington, D.C., in default of bond, pending trial. The charge relates that he obtained codebooks, signals, sketches, photographs, blue-prints, maps and models and transmitted the information to the Japanese in their apartment at the Alban Towers in Washington.

Time Magazine in giving an account of the arrest of Farnsworth (of the class of 1915 at the U.S. Naval Academy) on a charge of divulging contents to a foreign nation (Japan) of a U.S. Navy handbook entitled, *The Service of Information and Security*, made note of the fact that in Japan not a single newspaper made any mention of the arrest of Farnsworth. When arrested, Farnsworth said, "Whatever I gave them, it was nothing that could injure the United States . . . . . After all I am an American." Four days later he admitted receiving $1,000 for two articles on Naval subjects, neither of which he insisted, contained U. S. Navy secrets. Hearing his history, his parents in Notwood, Ohio, claimed that their son had been queer ever since an airplane crash in 1922; they intimated a plea of insanity for him.

Because the spy game follows a certain international routine, *Time* said diplomatic Washington and Tokyo both professed blank ignorance of the whole affair. Secretary of State Hull said that all he knew about the matter was what he had read in the newspapers. Purred Navy Minister Osami Nagano in Tokyo: "In America, as in other countries, there are a few worthless individuals who try to obtain money from foreigners for supposedly valuable secret information, but we can't believe any Japanese officer attempted to use such persons."

"Hua Mei Wan Pao"—New Chinese Evening Paper in Shanghai

The Hua Mei Wan Pao is the name of a new Chinese daily newspaper in Shanghai, which is being published from 172 Avenue Edward VII. Incorporated under the laws of the State of Delaware in the United States, the new publication is being published by Hal P. Mills, formerly of the *Shanghai Evening Post* and *Mercury* editorial department, with Chu Tso-tung, formerly manager of the *Ta Mei Wan Pao* (a Shanghai *Evening Post and Mercury* interest) as general manager. The company is incorporated with a capital of $50,000—sixty per cent foreign and 40 per cent Chinese. The new paper is being printed on a press made entirely in China and said to be the latest in machines of its kind made here—a product of the Ming Ching Iron Works. The machine uses curved stereotype plates and prints at the rate of 30,000 copies an hour.

Chinese Students Entertained at Farewell Party

More than 250 Chinese students on the eve of their proceeding to the United States and Europe to secure higher education, were entertained at a farewell party given by 23 cultural organizations of Shanghai at the City Government building, Shanghai Civic Center, Aug. 16. The party was sponsored by the World Chinese Students' Federation. Among the organizations taking part in the reception were Chiao-Tung University, the University of Shanghai, the Chinese Chamber of Commerce, various local newspapers and the Bureau of Education of the Municipality of Greater Shanghai. P. K. Chu, General Secretary of the Federation, was in charge of the arrangements for the party.

Mayor Wu Te-chen in a short speech urged the students to remember the momentous duty they shouldered and asked them to spare no time and energy in getting a rounded education both for the benefit of themselves and their country. Dr. Chang Fah-yao, son of Chang Hsiao-ling, well-known French Concession resident and member of the C.M.F., who recently returned to China after studying in a French university, also spoke. Short replies were made on behalf of the students by Wang Chang-yao, son of Wang Hsiao-lai, Chairman of the Chinese Chamber of Commerce, Miss Sheng Yao-and Hsu Chung-yi.

East Hopei to Have Educational Radio Station

An educational campaign will be undertaken by the radio broadcasting station XYCF, to be erected in Tungchow next month for the East Hopei Autonomous Anti-Communist Government, the *Kokutsu News Agency* reported Aug. 9 . The 500-watt station will be built by the Pohai Electric Company of Tientsin.

Ministry to Open Veterinarian Training Class

The Ministry of Industry has decided to open a training class for veterinarians and has instructed the National Agricultural Research Bureau to formulate regulations governing its establishment. It is understood that the students are to be nominated by the Provincial and Municipal Governments. After completing the prescribed courses, the students will be assigned to work in their local areas.

China's Delegate to International Educational Conference Makes Report

A detailed report on the 6th International Educational Conference, recently held in London, has been submitted to the Ministry of Education by Tang Hsi-fen, Superintendent of the Ministry, who recently returned here from London where he participated as China's official delegate. A report, personally compiled by Dr. Wang Shih-chieh, Minister of Education, has been forwarded to Geneva for the League's reference.

Chiang to Head Police Academy

General Chiang Kai-shek, President of the Executive Yuan, was Aug. 10 appointed, by the National Government as Principal of the Central Police Officers' Academy in Nanking.

Aw Boon-haw Makes Donation for Canton Primary Schools

Hu Wen-hu, better known as Aw Boon-haw, wealthy Chinese druggist and philanthropist in Burma, arrived in Canton Aug. 16 from Hongkong to call on various Government leaders to discuss measures for the development of industries in Kwangtung. A gift of $250,000 is reported to have been made by Mr. Hu for the establishment of fifty new primary schools in Canton.

Government Schools in Tientsin Oppose Reduction of Educational Grants

A meeting of the representatives of 17 Government schools in Tientsin was held Aug. 11 to oppose the reduction of educational grants by the Hopei Provincial Government. It was resolved to appeal to the public for support. The plan of the Provincial authorities to appropriate only 85 per cent of the $1,200,000 received from the Central Government for the promotion of education in Hopei is also opposed by the schools.

A meeting of the principals and presidents of the various Government schools and universities in Tientsin was convened Aug. 15 by Major-General Liu Chia-luan, Peace Preservation Commissioner of Public Safety for Tientsin. Major-General Cheng stressed the importance of promoting closer relations between the local authorities and the schools for the maintenance of local peace and order.

China Still Has 200 Million Illiterates

Despite efforts of the Government to wipe out illiteracy, there are still approximately 200 million Chinese between the age of 16 to 45 who do not know how to read or write, according to an estimate made by the Ministry of Education. To combat the situation, upwards of 37,000 mass education schools are now in operation with a total enrolment of 1,300,000. The annual budget for these institutes is $1,900,000.

Banning of "Tsing Hua Student Weekly" Sought by Bureau of Public Safety

Branding the contents of the *Tsing Hua Student Weekly* as fallacious beyond measure the Bureau of Public Safety last week petitioned, through the Peiping Municipality, the Hopei and Chahar Political Council to issue an order banning the circulation of the publication in Hopei, Chahar and the two special municipalities of Peiping and Tientsin.

Shanghai Bureau of Education to Be Merged with Bureau of Social Affairs

To curtail administrative expenses, the Greater Shanghai Municipal Bureau of Education is to be incorporated into that of the Bureau of Social Affairs. Pan Kung-chan, Municipal Commissioner of Education for Greater Shanghai, has been appointed Municipal Commissioner of Social Affairs for Greater Shanghai. A decision to the above effect was reached Aug. 11 at the meeting of the Executive Yuan, in compliance with the petition of General Wu Te-chen, Mayor of Greater Shanghai.

Teaching Staff of Colleges in China Includes 704 Foreigners

According to statistics compiled by the Ministry of Education, 704 foreigners are on the teaching staff of various colleges and universities in China. Their total monthly salaries amount to $166,294. Among these foreign educators are 278 Americans, 88 Frenchmen, 79 Germans, and 67 Britons.

Chinese "Consul" Suspected of Spying for Soviets, Released, Returns to Shanghai

With the arrival in Shanghai last week of Sun Ping-chen, who had been found guilty on Aug. 7 by the Seishin (Korea) Court of violating the Military Secrets Preservation Law, another incident, this time with both a Chinese and a Soviet angle, has come to a close. Mr. Sun, who had held himself out as a Chinese Consul, arrived in Seishin, accompanied by his seven alleged accomplices, and Fan Han-sheng, Chinese Consul-General in Seoul. The court found the men guilty of espionage, but decided to release them in view of their pledge not to repeat the offence and their expression of regret. The release was conditional on their immediate departure for China. Mr. Sun and his associates were arrested in a police raid on July 16. Immediately following the arrest, the headquarters of the Korean Garrison officially announced that the men were suspected of military espionage in favor of "a certain country." The men had their headquarters in the former Russian consulate, which had remained vacant since the revolution of 1917, and which was leased to them by the Soviet Government in 1931.

"Taking advantage of the fact that the building was once used as a consulate, the arrested Chinese set up a fictitious consulate, while actually gathering confidential military information and supplying it to certain quarters," the garrison headquarters announced in a special communique.

Twelve Koreans Arrested as Soviet Spies

Twelve Koreans were arrested in Funei, Kankyo, Hokudo Province, on July 31, on charges of supplying the G.P.U. of the Soviet Maritime Province with secret military information, the Gendarmerie Headquarters in Ranan, Korea, announced Aug. 15 on the lifting of a press ban. The band, headed by one Ri Issho, had, according to the statement, received nearly Yen 2,000 from the Soviet authorities since the spring of 1935. The spies, the statement said, operated in North Korea, with the new strategically important port of Seishin as the center of their activities. The information was conveyed to the G.P.U. by Issho, who made several trips to the Maritime Province. On August 10 the arrested men were transferred to the custody of the Procurators' Office for further examination.

J. Heng Liu's Case Discussed at Court Session in Nanking—Defendant Not Present

Whether the building on No. 314 Moh Ling Road has been used as a dormitory for the staff of the National Health Administration or as an official residence of its director, Dr. J. Heng Liu, who is facing charges of embezzlement formed the pivot question in an investigation session held by the District Court in Nanking Aug. 6. According to Chin Tao, Chief of the General Affairs Department of the National Health Administration, the said house is a dormitory of the National Health Administration, but Mrs. J. Heng Liu and her brother have been living there. Occasionally foreign advisors to the Administration were also accommodated in the building. He admitted that the rent, electric and telephone bills of the house have been paid all along by the administration. These bills dated from January 1932 to July 1934, according to Cheng Hung, amounted to $12,176.36. Asked as to how the receipt for September 1934 originally made out in the name of Dr. Liu's residence was later changed into the dormitory's, Mr. Cheng explained that it might be an unintentional mistake for the telephone company. Before the session was adjourned T. T. Kan, Dr. Liu's lawyer, promised to wire to his client urging him to be present at the open trial scheduled for Aug. 11; but on said date Dr. Heng failed to appear and the court adjourned *sine die*.

Japan to Have a Ministry of Propaganda?

Domei states that a proposal to create a Ministry of Propaganda, patterned after similar organs in Rome and Berlin, is rapidly gaining favor among high Japanese Government officials. Thus far, the dissemination of information both at home and abroad has been in the hands in the Ministries of Foreign Affairs, Education and Railways, acting in close co-operation with various cultural organizations, but the results of their activities are not regarded as satisfactory.

⁂

"Verbal Newspaper" Conductor Says Prejudice Against Japan Is Baseless

Captain Frederick Snyder, who conducts a "Verbal Newspaper" and is one of America's busiest platform lecturers, visited Japan last month. He told the *Japan Advertiser* that he did not know who is paying for all the anti-Japanese propaganda, now appearing in the United States in quantities greater than it ever has been. "Fundamentally that propaganda has arisen from trifles, but it must be hit and hit hard and that's what I intend to do as an American who wants to see continued friendship between Japan and the United States," Mr. Snyder said. Mr. Snyder later visited Manchuria and is due back in Japan next month.

⁂

Suggestions to Foreign Correspondents by Kiang Kang-li

Foreign correspondents "covering" China should endeavor to make close contact with the Chinese Government and the Chinese people, declared Kiang Kang-li, chief of the international affairs section of the Central Publicity Department, in a recent radio broadcast.

Choosing "Some Suggestions to Foreign Correspondents in China" as the subject of his talk, Mr. Kiang attributed the cause of incorrect interpretations of news about China by foreign correspondents, hitherto, to lack of constant touch with the authorities and the public. As a remedy, he suggested that a press club for foreign correspondents be formed so that newsmen sent from abroad may get together to exchange views on current events. Through the club, contacts may also be maintained between themselves and the Government. Another suggestion Mr. Kiang made is that the foreign correspondents should familiarize themselves with changing Chinese conditions. In particular, he hoped that the foreign correspondents will render their assistance by publicizing the peaceful policy of the Chinese Government.

⁂

14 Months' Illegal Detention of a Chinese Newspaperman

A pathetic story of a newspaper man illegally detained for fourteen months during which he was subjected to various forms of torture including lashing was told in Nanking Aug. 16 by Hsia Tse-pan, Editor of the *International News Agency* in Canton. Because of verbal criticisms on the regime in Kwangtung, Mr. Hsia was secretly arrested by order of Gen. Chen Chi-tang in April last year and did not regain freedom until about a week before the Canton warlord's downfall. At the time of Gen. Chen's decamping from Canton, the unfortunate journalist was confined in the Police Hospital recovering from third degree treatment at the hands of Gen. Chen's henchmen.

One of the incriminating evidences in the eyes of Gen. Chen was the fact that Mr. Hsia had been in constant correspondence with several of his friends who are government officials in Nanking. It was Gen. Chen's suspicion that Mr. Hsia had been "selling" important information to Nanking regarding Canton's movements. During the fourteen months' imprisonment Mr. Hsia was absolutely isolated from the outside. According to Mr. Hsia, he was whipped with a leather cord for more than forty times during his detention. Each time he was lashed he was also coerced to make his "confession." He was a total wreck when he entered the Police Hospital.

Officers Training School at Sungkiang Awards Diplomas

Graduation exercises were held at Sungkiang July 30 of a kind of Officers Training School. Representatives from nine districts had been training for three months and got their certificates. There were 397 graduates. These have been given their appointments at twenty-five dollars per month. They will be the instructors in the proposed forthcoming universal drill, which is to begin immediately. It is reported that one representative from each family will be given military instruction. Buddhist priests are also being given a special drill, there being sixty gathered together who are being given physical drill for the better development of their bodies. They will also be instructed in First Aid treatment, which is to fit them to act as nurses in case of a war. The nuns will also be looked after when the priests have had their turn.

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China's Railway Obligations Total One Billion Dollars

Total government railway obligations under the care of the Ministry of Railways amount to more than one billion dollars, according to a report of the *China Daily News* at Nanking Aug. 6. As a preliminary step toward further development of the railroad business, the Ministry has ordered the railway administrations under its control to immediately organize a committee for the revaluation of their investment assets. The Shanghai-Nanking and the Shanghai-Hangchow lines have already started appraising work, the same report said.

Payments on Lung-hai Railway Bonds to Be Resumed

Following the recent report that the Chinese Government has practically completed arrangements for the resumption of payment on Lung-hai Railway bonds on lines similar to those for the redemption of Tientsin-Pukow Railway bonds, it was announced that a settlement to that effect has been virtually concluded. Similar arrangements in respect of other railway bonds are now being actively negotiated, it is understood.

Nanking Consolidates Control of North China Railways

Despite the decision reached by the Hopei and Chahar Political Council on the concentration of the Chuanchow-Shichiachuan Railway, and its appointment of Pan Yu-kwei, the director of the Political Department of the same Council, as the Chief of the Bureau for the construction of the line, the Nanking Government is expected to appoint another Chief of the same bureau to replace Mr. Pan, the *Shanghai Nichi Nichi* of Aug. 7 stated.

Chang Chi Speaks on Economic Role of Lunghai Railway

Great potentiality in the development of the Northwest, the virgin soil of China, the completion of the Lunghai Railway was visualized by Chang Chi, member of the Kuomintang Central Supervisory Committee, (who recently made an extensive tour in that part of the country) in a speech at the weekly memorial service at the Central Kuomintang Headquarters in Nanking.

Mr. Chang corrected the wrong impression of a part of the public that the line is constructed for military and political reasons only, saying that its chief importance lies in its help to economic development.

New Rolling Stock for Canton-Hankow Line to Arrive From England This Year

The *Central News* says the Canton-Hankow Railway has ordered 24 locomotives and 430 passenger and freight cars from England for use on the line. The new rolling stock is expected to arrive in China before the end of the current year.

A consignment of 16 locomotives, ordered by the Ministry of Railways from Belgium for the Lung-Hai and the Canton-Hankow Railways, arrived in Tsingtao Aug. 14 by a Norwegian freighter.

Railway Surveyor Carried Away by Bandits

Liu Hung-chao, surveyor of the projected Changsha-Kweiyang Railway, was carried away by bandits at Yushuang, a small village near Yuanlin in southwestern Hunan on Aug. 13.

Construction of Chengtu-Chungking Rwy. to Commence Soon

Construction work on the projected Chengtu-Chungking Railway will commence in October, and is expected to be completed within two years. Regulations governing the issuance of the $30,000,000 Szechwan Reconstruction Loan, will be examined by the Legislative Yuan when is resumes its session.

Construction work on the unfinished section between Hangchow and Tsao-o-kiang of the Shanghai-Hangchow-Ningpo Railway, in eastern Chekiang, will be officially started next month.

Forests in Northwest Kiangsi to Furnish Railway Ties

To meet the increasing demand of ties for the construction of new railways in various parts of China the Department of Reconstruction of the Kiangsi provincial government has laid down plans for the exploitation of the large forests at Huangkangshan, Yifenghsien, northwest Kiangsi. Huangkangshan has long been noted for its abundance of timber, the existence of which dates as far back as the reign of Emperor Shun Chung (A.D. 1573-1619) of the Ming dynasty. History records that during that time one Li Jen-luan petitioned the emperor to forbid the felling of trees there without government permission. For over 300 years since then the trees have been fairly well protected by the government, but in recent years a part of the forests was destroyed by Communist bandits.

Mountain Freshet Disrupts Peiping-Suiyuan Traffic

The traffic on the Peiping-Paotou section of the Peiping-Suiyang Railway was disrupted Aug. 7 when a section of its railway track at Choshushan was damaged by mountain freshets.

Highway Construction Stops While Laborers Harvest Crops

A Chengtu message states that the citizen laborers having had to return to their farms to harvest the autumn crops, the construction work on the Kikiang-Nanchuan section, in southern Szechuan, of the Szechuan-Hunan Inter-Provincial Highway has been practically suspended.

New Schedule Cuts Three Hours from Peiping-Shanghai Rail Trip

A new schedule which cuts down by three hours the journey from Peiping to Shanghai through express on the Peiping-Shanghai route is being enforced beginning Aug. 15. According to the new schedule, the No. 301 Peiping-Shanghai through train leaves Peiping at six o'clock every afternoon, arriving Shanghai at 7.40 on the third morning. The trip takes 35 hours and 40 minutes instead of over 38 hours as required by the former schedule. Similarly, the Peiping bound No. 302 through express leaves Shanghai at 12 every night, arriving in Peiping on the third afternoon at 1.50.

New Steel Bridge Over Yellow River to Be Built by Lung-Hai Railway

Work on the construction of the new steel bridge across the Yellow River between Tungkwan on the Lung-Hai Railway, in eastern Shensi, and Fenglintu near Puchow, on the Tatung-Puchow Railway in southern Shansi, so as to facilitate through transportation between the two railways, is to be started shortly.

S. M. R. to Be Responsible for Changshih Railway Construction

The South Manchurian Railway will render full technical and financial assistance in the construction of the Changchow-Shihchiachwang Railway in Hopei, according to well-informed circles in Tientsin, Aug. 11. According to the estimates made by the Japanese, a total sum of $27,000,000 will be required for the construction work.

Hopei-Chahar Political Council Plans to Build New Railway

A comprehensive scheme for the construction of the projected Tsangchow-Shihchiachwang Railway has been mapped out by the Communications and Economic Committee of the Hopei and Chahar Political Council. It is understood that the construction cost of the line, measuring 300 li in distance, is estimated at $18,000,000.

Through Train Service to Start on Canton-Hankow Line September 1

Through train service on the entire length of the Canton-Hankow Railway will be inaugurated on Sept. 1, according to Lin Hung-hsun, Managing Director of the Railway, who recently arrived in Hankow from Canton after an inspection of the line. As the administration on the entire route has now been unified, the steel bridges on the Canton-Shiuchow section, recently damaged by General Chen Chi-tang's troops, repaired and the engineering work on the Chuchow (Hunan)-Shiuchow (Kwangtung) section, completed, there will be no further obstacles, he said. Upon inauguration of the train service, it will only take 40 hours to travel between the two cities of Hankow and Canton.

General Administration for Canton-Hankow Railway Opened at Hsuchiapeng

The General Administration for the entire line of the Canton Hankow Railway was inaugurated at Hsuchiapeng in Wuchang Aug. 1. No formal ceremony was held, Chou Chung-chi, Deputy Managing-Director, assumed office in Wuchang; and Messrs. Lin Hung-hsun and Wang Jen-kang, respectively Managing-Director and Deputy Managing-Director, took up their duties in Canton.

Judge Helmick Approves Dr. Sellett's Plan for Theater Reorganization

Judge Milton J. Helmick in the U. S. Court for China Aug. 15 issued an order according to which the Cathay-Grand Corporation officially replaces the United Theatres Company Inc., in accordance with a plan proposed by Dr. George Sellett. According to terms of the order, all creditors are to be notified in writing before August 24 and are to receive their shares as of July 1, 1936. Persons dissatisfied with their allotments and the amounts of money allowed on their claims, have until September 24 to file their complaints with the United States Court for China. If complaints are not filed by that time, protests coming later will not be taken cognizance of. According to the list of claims filed with the United States Court for China by the trustees and attached to Judge Helmick's order, there are now 74 stockholders in the Grand and Cathay Theaters, most of whom are either real estate owners, lawyers or dealers in building supplies. A total of 94 claims in all were presented to the trustees and of this number 20 were disallowed. In other words, no payment of any kind was permitted. The biggest shareholders under the reorganization are the Spanish Fathers (American Securities Corporation) and the Augustinian Procuration, the China Finance Corporation and Arnhold and Company.

Convict Labor to Be Utilized to Aid Nanking Reconstruction Work

In the execution of the Nanking modernization program no available human labor is to be spared and wasted, in the opinion of the Nanking municipal authorities. In line with this thought the Bureau of Public Works has made arrangements with the First Kiangsu Prison to utilize criminal labor to expedite reconstruction work in the capital. According to arrangements made, 50 convicts will first be assigned the work of removing the stone pillars and boulders and paving the ground at the site of the former Ming Palace just inside the Chung Shan Gate, which has been marked out by the municipal government as the administrative center, where buildings of various government organs will be erected. If the plan proves successful, more prisoners will be enlisted in other reconstruction projects.

New Waterway, Leading from Hwai River to the Sea, Nears Completion

The new canal leading from the Hwai River, in northern Kiangsu, to the sea, over a distance of 100 miles, is expected to be completed on September 15, according to the *Ta Kung Pao*. The project was broached by the Kiangsu two years ago, when the authorities adopted a compulsory labor system. At one time, over 300,000 farmers and workers labored on the canal.

National Coal Mining Joint Office to Be Organized

A meeting of representatives of 20 coal mining companies was held in Shanghai Aug. 15 under the auspices of the Ministry of Industry, to discuss measures for the inauguration of a National Coal Mining Joint Office. Cheng I-fa, Director of the Mining Department of the Ministry of Industry, presided. He said that the domestic coal industry has been suffering greatly from the effects of large-scale dumping of foreign (imported) coal. In order to rehabilitate the industry, the Ministry of Industry has decided to organize a National Coal Mining Joint Office in cooperation with the merchants, with a view to centralizing control over the production and sale of coal.

Hunan Province Has Paramount Position in Antimony

Central News points out that Hunan continues to occupy its paramount position as the center of the Chinese supply of antimony ore to the rest of the world, with an annual export of approximately 20,000 tons. Estimated at the current market price of $530 for each ton of antimony regulus, $430 for each ton of crude antimony and $320 for each ton of antimony oxide, the aggregate value of the antimony trade of Hunan reachs an approximate figure of $10,000,000. Latest investigation reveals that the annual world industrial consumption of antimony is 24,000 tons while the world production of the ore is roughly 25,000 tons. China shares over 80 per cent of the world's output. Hunan, in return, occupies 90 per cent of China's total annual production of antimony. Hunan's annual antimony export to the United States is between five and six thousand tons; to England, between four and five thousand; to Germany, more than three thousand; and five thousand tons each to Japan, France, Holland, and Sweden. Antimony regulus covers nine-tenths of the total export, the remaining being crude and oxide.

Shanghai Has New Chinese Export Trade Company

With the express object of promoting China's foreign trade, a new trading company by the name of China United Trading Co. has been established in Shanghai by a group of local Chinese commercial and industrial leaders. With its office at No. 110 Avenue Edward VII, the new company is devoted to the exporting of native products to the South Seas, Egypt and other countries. The new enterprise is stated to have received warm support from the Bureau of International Trade and other Chinese industrial organizations.

Hankow-Anking Long-Distance Telephone Line Opened

The newly completed long-distance telephone line linking up Hankow with Anking, provincial capital of Anhwei,—which constitutes part of the Nine-Province Long-Distance Telephone Network,—was opened to traffic Aug. 16, according to a report received by the Ministry of Communications.

First Batch of Chinese Salt to Be Shipped to Japan Next Month

The *Sin Wen Pao* says the first batch of Chinese salt from Southern Hopei will be shipped to Japan early next month. This large quantity of salt, about 80,000 tons, will be shipped to Japan through the Lufeng Transportation Company.

Chinese Seek Abolition of British Import Duty on Tea

The Chinese Ministry of Industries is asking the Nanking Foreign Office to negotiate with the British Government to abolish the import duty imposed on Chinese tea.

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New Aluminum Company in Manchuria Hopes to Produce 4,000 Tons Per Year

The Manchurian Aluminium Company with a capital of Yen 25,000,000, half of which is being furnished by the South Manchuria Railway Co. is being formed, with the support of the Japanese and Manchurian governments. Production is intended to be 4,000 tons a year. The head office will be established in Hsinking and its plant will take the form of expansion of the Fushun Aluminium Research Institute. Operation is expected to begin in 1939.

Lieutenant General to Head Korea Development Company

Lieut.-Gen. Ninomiya, former assistant chief of the Army General Staff, was informally selected Aug. 8 to head the Korea-Manchurian Development Company, a semi-official concern, which will seek to develop the economy of the two countries and to sponsor Japanese migration to the new Empire. The company will be similar in character to the Formosan and the South Seas Development Companies, formed under Diet Bills.

Mukden Foreigners Stated to Be Increasing in Number

Improving prospects for foreign investments in Manchukuo were given Mukden Aug. 7 by municipal officials as the chief reason for the marked growth of the foreign community in that city during the past few months. The number of foreign residents in Mukden on Aug. 1, it was stated, totalled 787, or 150 more than on the corresponding date of last year. White Russians led the list, with 448 persons, followed by 123 Britons, 64 Germans, 52 Americans and 34 Frenchmen. Following the establishment of the new State in 1931, and the gradual replacement of foreign enterprises with Japan and Manchurian, local foreign residents left for other countries. These foreigners, according to the officials, are now gradually returning to Mukden.

Manchukuo Protests Blocking of Amur Channel

A protest against the alleged blocking of the Poyarkov channel on the Amur River, 60 miles southeast of Heiho, was filed on Aug. 11 by Shi Li-pen, Manchukuo's Commissioner for Foreign Affairs with Michael Slavutsky, Soviet Consul-General. The demarche also objected to the stationing of a Soviet gun-boat at the entrance to the waterway and the erection of a strong fortress, dominating the channel.

Japan and Manchukuo to Mark Fifth Anniversary of "Incident"

With the fifth anniversary of the outbreak of the Manchurian "Incident" next month, the Japanese and Manchukuo Governments have recently been putting finishing touches on the preparations for the festivities. The program of celebrations in both countries will include lectures, meetings, radio broadcasts and motion pictures.

The War Office will issue 340,000 copies of a pamphlet entitled "The Fifth Anniversary of the Outbreak of the Manchurian Incident," which will be distributed to schools, public organizations and prominent individuals.

"Nichi-Nichi" Wants Larger Army in Manchukuo

The Tokyo *Nichi-Nichi*, one of Japan's leading journals, declared editorially Aug. 13 that the Japanese people and the Government are united in the belief that an increase in the Japanese military strength in Manchukuo, to match the Soviet armed force in the Far East, is inevitable.

Chinese Volunteers Continue Active in Manchuria

A detailed report has just been published regarding the activities of Chinese volunteers in Manchuria under Chao Shan-tse, during the first half year. According to this report, the total number of Chinese volunteers under Chao in the Three Northeastern Provinces has been increased to 50,000 from 10,000. Up to July 31, the volunteers had fought more than 100 battles with the Japanese and Manchukuo soldiers.

In addition to their guerilla warfare against the Japanese troops, these Chinese volunteers have organized Anti-Japanese societies in the cities of Harbin and Changchun.

Chinese arrested by the Japanese on the suspicion of having participated in activities conducted by the volunteers total more than 1,000 according a Harbin message to the *Chung Wha Jih Pao*, published Aug. 12.

Chinese communists numbering more than 50 were arrested in Manchuria for attempting to sovietize Manchukuo. The ban on this news concerning an event of three years ago has only now been now lifted, a *Domei* report from Hsinking to the Tokyo *Yomiuri* Aug. 9 stated.

Major Furukawa hanged himself, holding himself responsible for the death of four subordinates killed by bandits in the fighting in Manchuria, the Tokyo *Asahi* of Aug. 10 stated.

Bandits Carry off 100 Residents of Antung

The Tokyo *Nichi Nichi* Aug. 3 printed a dispatch from Antung stating that bandits had carried off 100 residents in the southern section of said city.

Twenty-seven Drown as Ferry Boat Overturns

Twenty-seven passengers and sailors were drowned and 16 others are reported missing, as the result of the capsizing of a ferry boat in a tributary of the Yalu River, near Tunghua, Fengtien Province, Aug. 5. Only five persons aboard the vessel succeeded in reaching the shore.

Manchukuo to Adopt Japan's Time Standard

The Manchukuo Government announced Aug. 6 that on Jan. 1 next the state would adopt Japan's standard of time.

Hsinking Restricts Australian Imports

Falling in line with Japan, the Manchukuo Government Aug. 6 decided to restrict the imports of wool, wheat and wheat flour from Australia.

Parallelling Japan's action, the Manchukuo Government Aug. 13 officially gazetted an Imperial ordinance providing for the adoption of a licensing system on the imports of Australian wool and wheat flour. The ordinance, which was approved by the Privy Council early last week, also applied the system to the imports of rice.

Seditious Literature Law Promulgated in Manchuria

The law for the suppression of circulation of seditious literature, passed by the Diet last May, was promulgated Aug. 8 in the Kwantung Leased Territory, the South Manchuria Railway Zone in Manchuria, Saghalien and Formosa, with the approval of the Emperor.

Minister Fujita Chosen as Counsellor of Japanese Embassy in Hsinking

The Tokyo *Yomiuri* Aug. 10 stated that, attaching importance to the post of Counsellor of the Japanese Embassy in Hsinking who serves under an Ambassador who at the same time is the Commander of the Kwantung Army, the Foreign Minister, Hachiro Arita, has decided to appoint Eisuke Fujita, Minister to Bucarest, who is now in Japan on furlough, as new Counsellor at Hsinking in succession to Masayuki Tani, who was recently appointed Minister to Austria.

Manchukuo-Mongolian Conference to Be Resumed August 25

As the result of telegraphic negotiations between the Foreign Minister of Manchukuo and Foreign Minister Amol of Outer Mongolia the Manchukuo-Mongolian conference, which has been in state of deadlock since the end of last year, has been decided to be resumed on Aug. 25 at Manchuli, in a third session.

Vice-President of S.M.R. Visits Hsinking to Discuss New Industrial Development Company

Takuichi Omura, vice-president of the South Manchuria Railway Company, accompanied by Mr. Usami and Mr. Nakanishi, directors, arrived in Hsinking Aug. 11 and called on Lieut.-Gen. Seishiro Itagaki, chief of staff of the Kwantung Army, at Kwantung Army headquarters and listened to his expression of the opinion of the Army regarding the following matters :—Establishment of an industrial development company capitalized at Yen 5,000,000 as a directly-managed enterprise of the S.M.R.; colonization of Manchukuo by "railway immigrants" for the development of areas along the North Manchuria Railway apart from the "national policy emigrants"; measures to develop and promote sheep-raising and flour manufacturing, two of the chief industries of Manchukuo, and the problem of unification of all the railway lines throughout Manhcukuo planned by the S.M.R.

S.M.R. Loans this Year Reach Yen 145,000,000

Bonds floated by the South Manchuria Railway Company since February totalled Yen 145,000,000, including Yen 30,000,000 worth of securities issued last month, a message from Tokyo Aug. 12 stated. The interest rate on the new bonds has been fixed at 4.159 per cent, representing a reduction of of 0.031 per cent as compared with the previous issue. The Yen 800,000,000 concern has simultaneously completed the conversion of the 5.3 percent debentures.

The South Manchuria Railway Company will issue debentures amounting to Yen 70,000,000 shortly, of wnich Yen 50,000,000 Aug. 12 will be for conversion purposes, the Tokyo *Nichi Nichi* of Aug. 12 stated.

Changsha Women Up in Arms Against Reactionary Police Head

Changsha, the principal city in Hunan province, is in the throes of a controversy concerning women's fashions. Chow Han, a staunch "moralist," who is head of the Bureau of Public Safety in that city and concurrently sectional chief in the New Life Movement Promotion Association, recently ordered the confiscation of all waving machines in barber shops, in pursuance of his campaign against curled hair, high heels, short sleeves, etc. It is even rumored that the police in Changsha have been instructed to shave the head of any women found on the streets with waved hair. The Changsha Women's Association lodged a strong protest against the "reform" wave, arguing that improvement of the art of dressing is a natural outcome of the advancement of material civilization; therefore in all modern countries in the West women's dresses are becoming more and more artistic and fanciful. The women's protest was flatly turned down by the New Life Movement Promotion Association, and the ban was not lifted. In the meantime the bitter controversy is assuming wider proportions.

New Canton Civil Affairs Commissioner Assumes Duties of Office

Wang Yin-yu, newly appointed Civil Affairs Commissioner for Kwangtung, assumed his new post at Canton this week. Interviewed by a representative of the *Central News Agency* before leaving Shanghai, Mr. Wang stated that in administering civil affairs in Kwangtung he would stick to the policies laid down by the Central Government as well as the instructions of General Huang Musung, new Chairman of the Kwangtung Provincial Government. Special attention, Mr. Wang said, would be paid to district administration. District magistrates are to be appointed by strict examinations in the future in order to heighten administrative efficiency. Other plans for the improvement of civil administration in that province will be submitted to the central authorities for approval after he has found out the needs of the locality, he added. The new Kwangtung Civil Affairs Commissioner stopped over at Nanking August 4 on his way from Taiyuan, where had served as head of the Peace Preservation Corps. Owing to the limited time he did not proceed Kuling to interview General Chiang Kai-shek, President of the Executive Yuan.

Hsu Ching-fu Assumes Concurrent Post as Acting Chairman of Chekiang

In deference to the wishes of General Chiang Kai-shek, President of the Executive Yuan, Hsu Ching-fu, Provincial Commissioner of Civil Affairs for Chekiang, after returning to Hangchow from Kuling, assumed his concurrent post as Acting Chairman of the Chekiang Provincial Government Aug. 10.

New Mayor of Canton Assumes Office

Tai En-sai, the new Superintendent of Customs at Canton, formally assumed office Aug. 10. Tseng Yang-fu, the new Mayor of Canton formally took up his new duties Aug. 10. Interviewed, Mr. Tseng deplored that the municipal administration of Canton is far behind that of Nanking, Shanghai, Hangchow and Tientsin.

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Recent Appointments and Movements in Chinese Official Circles

Wu Ting-chang, Minister of Industry, Aug. 17 persuaded Y. M. Chien, prominent Shanghai banker, to accept the post of Assistant Manager of the newly organized Farm Credit Bureau. Mr. Chien previously declined the post because of pressing duties elsewhere.

The Ministry of Finance Aug. 7 accepted the resignation of Kuo Ting-yuan as Salt Commissioner for the Changlu District and appointed Li Han-hua, Director of the Government Printing Bureau in Peiping, to the vacant post.

Hsu Chung-ching, newly appointed Education Commissioner for Kwangtung, has already commenced his duties.

Lieut.-General Hsieh Yo, newly appointed Deputy Pacification Commissioner for Yunnan and Kweichow, started upon his duties last week.

By a recent order of the Ministry of Judicial Administration, Yeh Hsia-sheng, newly appointed Acting President of the Kwangtung Provincial High Court, is relieved of his duties and will be appointed to another post.

Lin Yun-kai, formerly chairman of the Kwangtung provincial government, who was recently appointed chairman of the Mongolian and Tibetan aAffairs Commission but had not yet assumed the post, was shifted by a National Government mandate Aug. 8 to the post of Minister of Audit.

In view of the fact that Liu Wei-chih, Political Vice-Minister of Industry and concurrently Chairman of the Preparatory Committee for the projected newsprint mill at Wenchow, Chekiang, has been transferred as Provincial Commissioner of Reconstruction for Kwangtung, the Ministry of Industry has appointed Liu Yin-fu, Director of its Industrial Department, as acting Chairman of the Preparatory Committee.

Li Nan-tang, warden of the Tientsin District Court Jail, was dismissed and rendered ineligible for another post for the period of one year, according to a recent decision of the Committee for the Disciplinary Punishment of Public Functionaries.

Yen Pao-hang, Secretary General of the National Association for the Promotion of New Life Movement, departed for Chanton recently to assist in the promotion of the Movement in Kwangtung.

Yang Yun-chu, sectional chief of the Waichiaopu, has been appointed First Secretary of the Chinese Embassy in Tokyo and concurrently Consul-General in Yokohama to succeed Wang Hung-lien who bas been recalled.

The Ministry of Railways has appointed Hsia Kwang-yu, Counsellor of the Ministry and concurrently Chief Secretary of the New Railways Reconstruction Commission, as Acting Chairman of the New Railways Construction Commission.

For alleged misappropriation of public funds, Feng Jui, Director of the Kwangtung Provincial Agricultural and Afforestation Bureau, was arrested at Canton Aug. 11 by order of the Kwangtung Provincial Pacification Headquarters. The Provincial Department of Reconstruction has appointed Lin Tao-yang as Director of the Agricultural and Afforestation Bureau. Pending Mr. Lin's arrival from Nanking to assume office, the affairs of the Bureau are in temporary charge of Liu Chu-ku.

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SHANGHAI

Germans Win Most Medals at Olympic; U. S. Second

The XIth Olympic Games came to an end in Berlin Aug. 16 with a grand ceremony in which Herr Hitter participated. Germany won more gold medals, more silver medals and more bronze medals than any other nation, the U. S. coming second.

Below are mentioned some of the outstanding events.

Aug. 10.—Indian stick-wielders, rated as the best hockey players in the world, blanked the Nipponese aggregation by the score of nine goals to none. The Indian squad scored four goals in the first half and five in the second.

Aug. 10.—With the running off of the marathon race, the American athletes were acclaimed the winners of the track and field crown; China eliminated from consolation basketball series, losing to Brazil 32-14; Y. L. Wong, Chinese, eliminated in first round with Fock (Holland).

Aug. 11.—Japanese quartet wins 800-meter relay swimming race, leading American team by 15 meters. Springboard diving gold, silver and bronze medals go to the U.S.

Aug. 12.—Medica (American) wins 400 meter race in record time (4 mins. 44.5 sec.). American women win gold, silver and bronze medals for springboard diving.

Aug. 13.—Chinese football team beaten by Germans 8-3.

Aug. 14.—By winning five out of seven Olympic rowing events, German oarsmen set up a new record in the annals of the Olympic Games.

Aug. 15.—By winning two races, Japanese swimmers retain the Olympic aquatic crown which they captured in Los Angeles in 1932.

Soviet Russia, which has hitherto shunned athletic contests tainted with capitalistic ideas, will take part in the XIIth Olympiad, to be held in Tokyo in 1940, according to Tamekichi Ohta, Japanese Ambassador to Moscow.

The wholesale failure of the Chinese athletes at the World Olympic Games recently held in Berlin should not be considered a disgrace but an excellent lesson for China, declared the *Central China Daily News* editorially Aug. 15. The fact that the Chinese athletes did not accomplish anything in the Championship serves as food for thought, however, said the paper. The lack of universality of physical education in China has rendered the Chinese inferior to other nationals as far as their physique is concerned, the paper commented; the failure of most of the athletes in the Olympic Games, the paper pointed out, is due largely to exhaustion of their strength in the last minute.

The *North China Daily News* in noting the lamentations of Shanghai's "mosquito" press over the failure of the Chinese athletes in the Olympic Games in Berlin, commented:—"While China has numerically the largest population in the world to call upon for recruits to represent her in international sporting competitions, in reality the choice is limited to a relatively small student class, eked out by some army men and a few who have graduated from their universities and who still have the time and the inclination to continue their athletic pursuits. As years pass, this class will steadily expand, and one of the great handicaps under which China's athletes labored in Berlin will be removed."

Eurasia Aviation Corporation Plans toInsure Passengers

The Eurasia Aviation Corporation is working on a plan for insuring passengers who travel by their planes. If the scheme goes into effect a sum of $10,000 will be paid in case of death, while injured persons will receive $10 per day as long as they are unable to work. The Corporation is now in communication with a large insurance firm in Germany and it is stated that the proposed insurance will apply to persons entering or leaving the planes as well as those injured during the course of a flight.

Manchuria Aviation Firm Increases Capital

Increase in the capitalization of the Manchuria Aviation Corporation from Yen 3,000,000 to Yen 8,000,000 has been decided by the concern's board of directors, the *Kokutsu News* Agency reported from Mukden Aug. 15.

Chinese Residents in Siam Raise Funds to Buy Chiang Birthday Planes

Chinese residents in Siam, like those in Malaya, are raising funds for the purchase of airplanes for presentation to the Government on the occasion of General Chiang Kai-shek's 50th birthday. According to a message received by the Central Overseas Affairs Commission, I Kuang-yen, Chairman of the Chinese Chamber of Commerce in Bangkok, has personally contributed $1,000 to the fund.

Memorial Service Held for Canton Air Force Aviators

A memorial service was held in Canton Aug. 16 in honor of three officers of the Kwangtung Provincial Air Force—Captains Hu Tsun-hsin, Liu Sun, and Chang Jui-ho—who were killed when their machine crashed while flying from Canton to Nanchang to pledge their allegiance to the Central authorities. Numerous officials and representatives of local civic organizations were present, including Lieut.-General Chen Cheng, Director of the Military Readjustment Department of the Provisional Headquarters of the President of the Military Affairs Commission.

Wang and Lin Appointed Members of New Aviation Body

Wang Hsiao-lai, Chairman of the Shanghai Chamber of Commerce, and Lin Kang-hou, Chairman of the Chinese Bankers' Association, have been appointed members of the Board of Directors of the newly organized China National Aviation Reconstruction Federation. The new aviation body was only recently created by the amalgamation of the China Aviation League and the National Aviation Association, following a decision jointly made by the Ministries of Finance and Interior.

Four Japanese Army Planes Hop Off on Round-Trip to Manchuria

Four Japanese Army scouting planes, manned by eight officers studying at the Aviation School at Tokorozawa, are making a 5,900-kilometer junket to Tsitsihar, Manchuria, and return, this week.

Japan Oil Firms to Enter China Market

Domei states that Japanese oil firms will shortly make an effort to break the monopoly enjoyed by foreign petroleum concerns in China. The first move in this campaign will be a joint proposal of Nipponese oil companies to the foreign firms operating in China to conclude an agreement on the marketing and prices of oil sold in this country. Decision to seek a share of the China market has been stimulated by the conclusion of an agreement on exports among five major Japanese oil concerns, the Nippon, Ogura, Hayama, Aikoku and the Asahi Petroleum Companies. The agreement stipulated the prices on exported oil and assigned a certain export quota to each of the five signatories. The exports of light oil from Japan to China have already shown a marked increase, following the adoption of a tax refund system on June 1.

Korean Oil Company to Start Operations This Month

The Tokyo *Asahi* states the Korean Oil Company will begin operation of its refinery in the middle of August and will put its products on the market at the end of next month. As the sales of oil begin, oil shipments heretofore made to Korea from Japan Proper will be prohibited. As a result the ban will be applied to the Japan Oil Company, Ogura Oil Company and Mitsubishi Oil Company, which have heretofore supplied Korea with oil. With the exception of the Japan Oil, which participates in the Korean Oil by furnishing part of its capital, the Okura and Mitsubishi will have to suffer.

Manchukuo Oil Company Decides to Double Capital

The Manchukuo Oil Company has decided to double its capital from Yen 5,000,000 to Yen 10,000,000. With this increased fund the company intends to increase its production from 60,000 kilolitres to some 120,000 kilolitres a year. The *Tokyo Asahi* notes that the company some time ago negotiated with the American Texas Oil, some oil company affiliated with the Standard and also the British Royal Dutch Oil Company for import of crude oil but the negotiations failed. At present the company is receiving crude oil supply from the California Kettleman Oil field and Erlwood Oil field through Japan Oil, and also from Associated Oil through the Mitsubishi Shoji.

Texas Oil Company Steals March on Rivals in Manchuria?

Domei in noting that the Texas Oil Company has reorganized its Dairen office as the Texas Oil Sales Company, which is now actively engaged in the importation and distribution of oil in the new Empire, commented that it had stolen a march on its British and American rivals (the A. P. Co. and Socony-Vacuum Oil Co.)

Four Privates of U. S. Marines in Peiping Placed Under Arrest

Four privates (E. O. Kirby, E. R. Jameson, P. J. Wilson and S. A. Reading) of the U.S. Marines stationed at Peiping, were taken into custody Aug. 16 after having been absent from duty without leave since Aug. 13, when they committed an assault on a sentry on guard on the city wall adjacent to the American Embassy. It is alleged that these men were also responsible for the raising of a red flag above the American Embassy in Peiping at 3 a.m. on the morning of Aug. 11. The incident, at first regarded as a prank, is now viewed with great seriousness by Marine officers. The four Marines were believed to have feared exposure for the flag incident and, thinking that Private Barrett knew of their guilt, attempted to kill him. Barrett's 45 revolver was taken during the assault.

Earl W. Barrett, the sentry guard who was assaulted by the four men, is recovering from a severe scalp wound received in the attack. Barrett remains in the hospital, but attending physicians report him out of danger. Barrett's home is in Landover, Maryland.

Foreigners and Chinese to Pay Income Tax as from Sept. 1

Detailed regulations for the enforcement and collection of income tax were discussed at Kuling Aug. 15 between the Ministers of Finance, Interior, Communications, Railways and Foreign Affairs, who made a careful examination of the draft regulations prepared by the Ministry of Finance. Foreigners residing in China as well as Chinese will pay the income tax as from Sept. 1. The matter has already been discussed between the Ministries of Finance and Foreign Affairs. *Reuter* says the Nanking Foreign Office will shortly communicate with the various Embassies on the subject.

Manifesto Issued by Finance Ministry on Income Tax Enforcement

A manifesto was issued by the Ministry of Finance at Nanking Aug. 18 which explained the nature of the Income Tax, reasons for its enforcement, methods of its collection, and things the tax-payer should know.

Some of the highlights of the declaration are:

(1) The enforcement of the Income Tax is the prerequisite to a thorough abolition of miscellaneous taxes and exorbitant levies;

(2) Income Tax is the most equitable kind of levy;

(3) It is imposed only on those who have the ability to pay;

(4) Its rates in China are the lowest in comparison with those in other countries; and

(5) Its collection will swell the coffers of the national treasury thus laying the ground work for national revival.

Views Exchanged Anent Income Tax on Foreigners in China

Following the receipt of reports that the financial and business leaders of the foreign community in Shanghai are generally in sympathy with the proposal of the Chinese Government to impose the Income Tax universally, the Nanking press Aug. 17 stated that preliminary views concerning the collection of the new levy on foreigners were exchanged between the Ministry of Finance and the Waichiaopu. Results of the initial conference have not been divulged but it is learned that as soon as the Income Tax Law comes into effect, due notification will be sent to all foreign nationals resident in China. Regarding the petition of Shanghai commercial and industrial circles that wage earners of less than $50 monthly be exempt from payment of the tax, information from the Ministry of Finance reveals that since the Income Tax Law has been passed by the Legislative Yuan, the question as to whether the statute should be modified or not will have to be decided by the law-making body.

British Residents Stated to Approve Chinese Income Tax System

In an exclusive interview with a representative of the *Shengchow News Agency*, Calder Marshal, Chairman of the British Chamber of Commerce in Shanghai, declared that he fully approves of the collection of income tax by the Chinese Government. Mr. Marshal is, however, of the opinion that a comprehensive plan should be mapped out prior to the commencement of the collection of such taxation. He added that British residents in Shanghai have not yet received notice from the Chinese Government regarding the matter.

Non-Resident Aliens in U. S. to Be Exempt from Capital Profits

Non-resident alien individuals and corporations not engaged in business within the United States are exempt from taxes on capital profits under the provisions of the U. S. 1936 Revenue Law, according to a press report from Washington which analyzes the recent issue of regulations on the subject. The report among other things says: Non-resident alien corporations and individuals not engaged in trade or business within the United States, may exclude from their gross income for tax purposes under the 1936 revenue law profits derived from purchase or sale of stocks, securities, commodities or personal or real property through a resident broker in the country. Non-residents, classified as doing business within the United States, are taxable upon all income from sources within the United States including profits from purchase and sale of securities. But transactions of this kind would not bring a non-resident alien individual within the class of one engaged in business in the country.

W. E. Dodd, Jr., Visits Shanghai in Interests of World Peace Campaign

William E. Dodd, Jr., son of the American Ambassador in Berlin, departed from Shanghai for Europe Aug. 19 after spending a short period here in the interests of the World Peace Campaign movement, which has as one of its main objects the sanctity of treaty obligations, with China being allowed to revise the unequal treaties. While here he consulted with Dr. Y. T. Wu, Dr. J. Usang Ly of Chiaotung University, Dr. H. C. E. Liu of the University of Shanghai, Miss Maud Russell of the Y.W.C.A., Dr. Liang of the Chinese Y.M.C.A., and Dr. Lee. The World Peace Campaign also hopes to enlist the support of such important personages as Sun Fo, T. V. Soong, Dr. H. H. Kung, Mr. Mah, the first exchange student sent to the United States, and others.

In the United States Court for China

In re. the Estate of LEONARD AGOR SCOTCHMER, Deceased

Cause No. 4086
Special Proceedings No. 1964
NOTICE
Filed at Shanghai, China, July 23, 1936.
William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Leonard Agor Scotchmer, deceased, to present the same with vouchers to the undersigned on or before February 1, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Olive Damoth Scotchmer,
Administratrix
c/o Allman & Co.
206 Hamilton House
Shanghai, China

Shanghai, China.

In the United States Court for China

In re. ESTATE of MARSHAL SMITH HAIRSTON, Deceased.

Cause No. 4082
Special Proceedings No. 1966
NOTICE
Filed at Shanghai, China, July 31, 1936.
William T. Collins, Clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Marshal Smith Hairston, deceased, to present the same with vouchers to the undersigned on or before February 8, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

IVEY GOODMAN RIDDICK,
175 Soochow Road,
Shanghai, China.

Shanghai, China.

Central Bank of North China to be Established by Puppet Regime

Plans for the establishment of a Central Bank of North China were completed end of last month by the Hopei-Chahar Political Council with the aid of Japanese financial advisers. Several methods of procedure had been considered and dropped in the previous few months, but at last a tentative scheme was adopted, based on the issuing bank system and patterned after the Bank of Manchukuo, according to information from Japanese sources. The *United Press* pointed out that the Central Bank of China has branches in all the important North China cities, but its financial resources are not available for the purposes the Japanese desire, hence the creation of a new Central Bank, completely independent of the Nanking institution. While the Japanese have expressed the hope that the three Government banks (the Central Bank of China, the Bank of Communications, and the Bank of China) would co-operate with the new Central Bank, they are prepared to proceed with their plans, regardless of whether co-operation is forthcoming or not.

According to these plans, silver reserves now held by North China banks, big and small, will be taken over by the Central Bank of North China and legal tender will be issued in payment thereof. An effective embargo has been placed on all silver shipments from North China by Gen. Sung Cheh-yuan ever since the Nanking silver nationalization order. Even foreign banks have been unable to send their silver to Shanghai or elsewhere.

The Hopei and Chahar Political Council Aug. 15 appointed Ku Chih-han, director of the Department of Finance of the Council, Keh Ting-yuan, secretary-general of the Council, Chia Yu-chang, commissioner of Finance for Hopei, Chang Chi-yung, commissioner of Civil Affairs for the same province, and Yang Tien-shou, director of the Bank, as supervisors of the Hopei Provincial Bank.

It is reported that the East Hopei Autonomy Council, under Yin Ju-keng, has arranged a loan from Japan for $1,500,000. The contract, which was signed at Changchun, stipulates that the funds be used for the construction of a network of long-distance telephone lines in the bogus area.

A *Hwa Lien News Agency* report circulated in Tientsin stated that Yin Ju-keng, puppet head of the East Hopei state, has also concluded an agreement with certain Japanese interests to organize a large opium farm in Yutien and Fengjun districts. More than 1000 mow of land have been purchased and will be devoted to poppy cultivation.

Puppet Regime Collects Taxes from Kailan Mining Administration

The *Sin Wen Pao* says that under the instructions of the Japanese, the Puppet Regime in Eastern Hopei has started to forcibly collect taxes from the Kailan Mining Administration, which is located within the Eastern Hopei territory. Taxes paid by the Kailan authorities to the Hopei and Chahar Tax Bureau amount to $270,000 monthly. An arrangement is now being made to divide "fifty fifty" such revenue between the Hopei and Chahar Tax Bureau and the Eastern Hopei Puppet Regime.

Szechwan's Request for $300 Million Loan Adopted by C.P.C.

Szechwan's request for the authorization of floating a $300 million provincial loan was adopted in principle Aug. 12 by the Central Political Council. The finance commissioner, Liu Hang-sun was in Shanghai this week conferring with Chinese bankers concerning measures for its realization in order to meet urgent needs.

Chiang Tso-pin Confers with Dr. Kung on National Congress Funds

General Chiang Tso-pin, Minister of the Interior, flew to Kiukiang Aug. 13 enroute to Kuling to confer with Dr. H. H. Kung, Minister of Finance, on the appropriation of funds for the convocation of the National People's Assembly.

Kiangsu Salt Merchants Get Huge Loan From Shanghai Banks

Arrangements have been completed between salt merchants in North Kiangsu and Shanghai banks for a loan of $3 million to relieve the repressed salt industry in that area. As a practical step towards the reviving of the salt industry, plans for the strengthening of their organization and for effecting a closer cooperation are being devised by the salt merchants.

"Mainichi" Expects China to Turn to Gold Standard

Prediction that the continued drain of silver from China would force the Nanking Government to abandon the silver standard in favor of the gold standard was made Aug. 16 by the *Shanghai Mainichi*.

Original Currency of China Was Gold, Says League Expert

That gold was the original currency of China, and not silver, was stressed by Dr. K. Loch, an expert of the League of Nations attached to the National Economic Council of the Nanking Government, in an address before members of the Shanghai Rotary Club at their weekly meeting at the Metropole Hotel last week. When he came to China, declared Dr. Bloch, everyone thought that the currency of China had been based on silver for an indefinite time. The gold currency, however, had been introduced many hundreds of years ago, about 100 years after the reign of Alexander the Great. Its introduction led to a great decrease in the price of gold, and an increase in the price of silver, and the situation in China 2,000 years ago was that gold was cheap, and silver was dear. China was then on a gold currency.

Canton Branch of Central Bank to Be Established Before the End of This Month

The Canton branch of the Central Bank of China will be formally established before the end of the month.

Kwangtung Monetary System Discussed at Kuling Conference

Measures for the readjustment of the monetary and financial situation in Kwangtung were discussed at Kuling Aug. 13 at an important conference over which Dr. H. H. Kung, Minister of Finance, presided. Among those present were Hsu Kan, Administrative Vice-Minister of Finance, T. L. Soong, Special Commissioner of Finance and concurrently Provincial Commissioner of Finance for Kwangtung, and Tsu-yee Pei, Manager of the Bank of China.

After studying the situation, Messrs. T. L. Soong, Special Commissioner of Finance and concurrently Provincial Commissioner of Finance for Kwangtung, Tsou Lin, Political Vice-Minister of Finance, Tang Shou-min, General Manager of the Bank of Communications, and Pei Tsu-yee, Manager of the Bank of China, submitted a joint memorandum to Dr. H. H. Kung, Minister of Finance, with recommendations for the reform of the monetary system in Kwangtung. The measures provide for unification of the monetary system and stabilization of the monetary situation in Kwangtung.

Ministry Spokesman Points Out Insecure Currency Position Under Old Kwangtung Regime

Efforts of the Central Government to readjust the financial situation in Kwangtung since the retirement of Gen. Chen Chi-tang were reviewed by a spokesman of the Ministry of Finance in an interview with the *Central News Agency* Aug. 17. Investigations recently made by Ministry representatives, according to the spokesman, reveal that notes issued by the Kwangtung provincial bank under the regime of Gen. Chen amounted to $250 million, of which $80 million worth were issued only last June and July following the launching of the Liang-Kwang secession movement. Against this total worth of notes, the spokesman added, there was only a cash reserve of $107 million (Kwangtung Small Money) which was only about 43 per cent of the actual amount of notes issued. In addition there was security reserve of $92 million worth of provincial bonds and treasury notes, which, however were hardly worth anything. Present exchange rates are $2.30 provincial bonds to $1 Kwangtung currency.

Another Cotton Mill in North China Sold to Japanese

According to Chinese press reports, the Hua Hsin Cotton Mill in Tientsin has been sold to Japanese textile interests for a sum of $1,200,000. An agreement to this effect was signed between the representative of the Chinese company and Japanese interests on Aug. 8. The mill will be taken over by the Japanese on Aug. 20. *Reuter* says that when negotiations for the sale of the mill were under way the employees of the company twice petitioned the Bureau of Social Welfare of the Tientsin Municipality to prevent the management from selling the mill but without success. The employees contended that the mill had been operating without loss during the last few years and that it was only because of internal dissension that the management wanted to dispose of the mill. According to the Tientsin *Ta Kung Pao* the Japanese consular and military authorities in Tientsin played a prominent part in the negotiations for the sale of the mill.

Hunan to Have Three More Ginning Factories

The Hunan branch of the Cotton Improvement Commission of the National Economic Council, has completed plans for the establishment of three ginning factories in Chingteh, Chengchow and Taikong. When installed, these machines will be able to gin about 400,000 catties of cotton seeds in five months.

Big Japanese Cotton Mill to Be Established in Hopei

Plans are being completed by Japanese merchants for the establishment of a big cotton mill at Shihho in the demilitarized zone, to be known as the Chung Yuan Textile Factory. A site of more than 30 mow for the mill has been purchased and construction of the factory will be started before the end of this month.

According to latest investigations, the number of Chinese, British and Japanese cotton mills in China is estimated at 143. The *Sin Wen Pao* notes that while a number of cotton mills in Shanghai have been closed down, there was an increase in cotton mills opened in the interior, indicating the development of the spinning and weaving industry in the rural districts.

The relief of the Chinese textile industry in Tientsin formed the principal subject of discussion at the regular meeting of the Economic Commission of the Hopei and Chahar Political Council at Peiping Aug. 15.

Who's Who in China

Tung Shih-tsin, agricultural expert; born at Tienkiang, Szechuan, 1900; was graduated from the National Agricultural College of Peking; Fellow of Tsing Hua College; M. S. and Ph. D. of Cornell University, U.S.A. (in agricultural economics); member of Sigma Xi; has successively served as chief of the Rural Improvement Department, China International Famine Relief Commission; Professor and Dean of the College of Agriculture, National Peiping University; technical expert of the National Defense Commission; director of the Kiangsi Provincial Agricultural Institute. address: Kiangsi Provincial Agricultural Institute, Nanchang, Kiangsi.

董時進
Tung Shih-tsin

董時進，四川墊江人，年三十七歲。國立北京農業專門學校畢業，清華學校專科生，美國康奈爾大學碩士博士。曾任中國華洋義賑救災總會農利股主任，國立北京大學教授，農學院院長，國防設計委員會專員，江西省農業院院長。

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Take Dr. Williams' Pink Pills

The Ideal Hot-Weather Tonic.

In the United States Court for China

In re. the Estate of CHARLES NEWTON DUBS, Deceased.	Cause No. 4088 Special Proceedings No. 1967 NOTICE Filed at Shanghai, China, July 31, 1936. William T. Collins, Clerk.

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Charles Newton Dubs, deceased, to present the same with vouchers to the undersigned on or before February 8, 1937, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Minnie G. Dubs,
Administratrix
c/o Allman & Co.
206 Hamilton House
Shanghai, China.

Shanghai, China.

THE
Comacrib Industrial & Commercial Manual of China & Hongkong

The 1936 edition is in process of preparation and will be published in September of this year. Price $50.00. It will contain about 1000 pages of financial, historical and credit information on about 6,000 firms as well as about 1,000 of the latest audited Balance Sheets.

The Japan Edition is now off the press and contains financial and credit information on between 7,000 and 8,000 firms throughout the Japanese Empire. Price $50.00 local currency per copy. Copies may be obtained from the publishers.

The Commercial & Credit Information Bureau

Cables, "COMACRIB" Publishers Telephone 17131
118 Museum Road, Shanghai

Men and Events

The Suiteh-Sungkiachwan Highway was formally opened to traffic Aug. 12.

Tareki Horiuchi, Consul-General in Sydney and prior to that First Secretary of the Japanese Embassy in China, was appointed Consul-General in Tientsin Aug. 12.

Herbert Edgerton Norman, son of Dr. and Mrs. Daniel Norman, of Karuizawa, Japan, has been granted by the Rockfeller Foundation a fellowship for a year in Far Eastern History at Harvard University.

A party of six cameramen attached to the Publicity Department of the Military Affairs Commission in Hupeh departed for Canton this week to make a film of the historical and scenic spots in southern Kwangtung.

Up to the end of last March, altogether 1,503 newspapers, 788 news agencies, and 1,875 magazines have been registered with the Ministry of the Interior, according to figures released in Nanking, Aug. 14.

General Wu Te-chen, Mayor of Greater Shanghai, assumed his concurrent office as Chief Supervisor of National Assembly election in Shanghai at an oath-taking ceremony held at the auditorium of the City Government Aug. 17.

Judge and Mrs. Milton J. Helmick are spending a 10-day holiday in Unzen, Japan. This is the first real vacation for Judge Helmick since his coming to Shanghai about two years ago as Judge of the United States Court for China.

Smoking of cigarettes is now taboo in Shuchow (Chiuchuan) in northern Kansu, according to dispatches received in Lanchow. Shops are not allowed to sell cigarettes and offering cigarettes to guests at social functions is strictly prohibited.

Shao Chin-lu, the eight-foot giant who was the center of attraction at the Fifth National Athletic Meet in Nanking in 1933 when he served as a gatekeeper of the Central Stadium, died on Aug. 6 at his native town Lingpao, Honan.

Miss Rose Quong, Chinese lecturer and interpreter of Chinese art and culture, proceeded to Peiping from Shanghai last week for a visit. Miss Quong, whose home is in Australia, is gathering material for a series of lectures to be given in Europe and the United States.

The Metropolitan Police Headquarters at Nanking, has tightened the ban on the inscription of foreign words on shop signs. All painters and masons have been warned not to accept orders for foreign shop signs for Chinese stores. Exceptions, however, are allowed to stores operated by foreign nationals.

The death occurred in Sian Aug. 14 of Dr. Fenzal, German adviser to the Shensi Provincial Government and concurrently Deputy Director of the Shensi Provincial Afforestation Bureau. The deceased suffered from nervous prostration and died by his own hand while a patient in hospital.

A gang of eight thugs, armed with four pistols, held up a Nanking-Hangchow long-distance bus at Tungyung near Chuyung about 30 kilometers from Nanking Aug. 11. During the hold-up a total of $400 were reported to have been seized from the passengers, none of whom were however hurt. The bandits made good their escape.

O. M. Green, former editor of the *North China Daily News*, writing from London July 28 stated that a 12-foot high model of a Chinese junk, presented by Sir Frederick Maze, Inspector General of Customs, had just arrived in London, to be added to the fine collection he has already given to the Science Museum at South Kensington.

In connection with the divorce action between Mrs. Freda Zimmerman and Morris Zimmerman, appeals were have been filed to the Supreme Court by both parties against the judgment rendered on May 25, 1935, by the Third Branch Kiangsu High Court. The Supreme Court ruled that the judgment of the Third High Court be set aside and that a re-trial of the case be conducted.

Miss Elizabeth Jorgensen, daughter of Mr. and Mrs. Arthur Jorgensen, of Tokyo, sailed for the United States on Aug. 18 to enter Smith College this autumn. She recently received word of the award of a $400 scholarship for her freshman year, granted because of her excellent acedemic record at the American School, from which she was graduated a year ago last June.

The World Jewish Congress in session at Geneva, Aug. 13 adopted a resolution calling on all sections of democracy to intensify the boycott against the Nazis. Before adjourning the following day a resolution was passed charging the Executive Committee to enter into negotiations with Soviet authorities to obtain liberty for Jews to practice their religion in the Soviet Union.

The death occurred at Kyoto, Japan, Aug. 13, of Mrs. Marion Weed Martin, mother of Miss Lucy de Grasse Martin. Death was due to heart failure. Miss Martin, who is a well known writer on the staff of *The Chicago Tribune*, accompanied by her mother, arrived in Japan several weeks ago on a trip through the Orient, but her mother became ill on the ship and was compelled to enter a hospital in Japan.

Mayor Wu Te-chen of Greater Shanghai departed for Kuling Aug. 18 to spend a summer vacation of about 10 days.

Madame Sun Yat-sen, widow of the Founder of the Chinese Republic, proceeded to Kuling this week to spend a holiday.

Japanese interests have acquired the radio station XQHA, (St. Anne ball-room), 17 love Lane, in Shanghai and will commnce broadcasting on Aug. 22.

Chen Wen-ho, leading swimmer in Hangchow, negotiated the 1,600 metre width of the Chientang River in just over twenty minutes, Aug. 16.

The China Dental Association will be inaugurated with a reception in the China Medical Association Building at 41 Dzepang Road, Shanghai, Aug. 22 at 5 p.m.

Shigeharu Matsumoto, manager of the local office of the *Domei* News Agency, proceeded to Japan Aug. 16 on business. He is expected to return here early next month.

For using a wooden seal in place of the official seal which he had lost, Lu Ling-shan, District Magistrate of Hsunyi in Shensi province, has been dismissed from office. The substitution was detected by Chung Hsiang-yu, Special Administrative Inspector, who ordered Mr. Liu to recover the original seal within a specified period.

One hundred and seventy-eight laborers were killed Aug. 5 as a result of the explosion of dynamite stored at Wanshoukung on the Kungtan River, in eastern Szechuan. The explosives were intended to be used for blasting rocks in the mountainous areas along the route of the Hunan-Szechuan Highway now under construction.

The *China Press* Aug. 18 reported that hard times and lack of support in Shanghai have forced Trebitch Lincoln, better known as Chao Kung, internationally famous Buddhist monk, traveler and writer, to take to the road again. This time he is bound for Tientsin, where he and his two men and three women disciples hope to find a better reception than Shanghai has given them and a larger following. He left here for the North Aug. 17.

The *Star Daily News* says that if popular agitation keeps up any longer Miss Pai Yu-hsuang, better known as "White Jade Frost," will have to retire from the stage. After being expelled from Peiping a little over a year ago and having been given a "stern warning" by the authorities of the City Government of Greater Shanghai, the popular actress of the "pong-pong" theatre, has now been banned from Hankow.

Sir Hughe Knatchbull-Hugessen, new British Ambassador to China, is due to arrive in Shanghai Sept. 8 on the s.s. *Empress of Canada*. Sir Hughe is accompanied by his wife, Lady Knatchbull-Hugessen, and his daughters, Misses Elizabeth and Alethea. His son, Norton, will disembark at Yokohama, and will spend some time in Japan before continuing on to Peiping.

Judge Milton J. Helmick in the U. S. Court for China Aug. 14 issued a decree (in conformity with a decree from the U. S. Court of Appeals in San Francisco) awarding Walter Chalaire, former law partner of Cornell S. Franklin, Tls. 47,774.12, together with interest from April 30, 1930, to be paid by the latter. The decree mentioned that the defendant had excepted to that part of the judgment awarding interest—from which it may be inferred that the matter will be once more appealed to the courts in the United States.

A petition submitted by more than 200 boatmen, who ply their boats for traffic on the Chinhwai River, for permission to play mah-jong as a family pastime, has been relected by the Metropolitan Police Headquarters and the Bureau of Social Affairs. The rejection is based on the ground that since these pleasure boats are hired out for the use of the public, and moreover are moving constantly about on the River, they cannot be regarded as private places.

Edward Hunter, formerly engaged in newspaper work in China but now a member of the Paris bureau of Hearst's *International News*, contributed an article entitled "Headline Hunting on New Frontiers," which appeared in the June issue of *The Quill*, writers' trade magazine. The article dealt with Mr. Hunter's experiences in Manchuria and Abyssinia, the most thrilling of which was the rescue of a missionary captured by bandits in the Ordos Desert of Mongolia.

Seven Chinese scientific societies jointly held their annual meeting at the National Tsinghua University in Peiping Aug. 17. The seven organizations are the Chinese Societies of Science, Chemistry, Physics, Mathematics, Geography, Botany and Zoology. The members of the societies were entertained by General Sung Cheh-yuan, Chairman of the Hopei and Chahar Political Council, and General Chin Teh-chun, Mayor of Peiping, at dinner receptions.

Damage of several hundred dollars was done to furniture at the roof garden atop Sincere's department store in Shanghai on the night of Aug. 15 by disappointed spectators who objected to the fact that a favorite Chinese program had not been completed when midnight came, at which time the management was forced, under Municipal regulations, to close promptly, lest their license be suspended. A large section of the audience, however, was dissatisfied with this arrangement and translated its dissatisfaction into action. In a few minutes, pandemonium reigned on the floor, chairs and tables were being overturned, and furniture and windows smashed. Police from Louza Station arrived in time to avert a panic.

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Walter Bosshard, Swiss Journalist, Safe at "Duke" Larsen's Ranch

Reports that Walter Bosshard, a Swiss correspondent for the *Ullstein* press, had been detained in the vicinity of Dolonor were denied Aug. 12 by Mr. Bosshard himself. The journalist, in a letter written on July 28 from "Duke" Larsen's ranch near Dolonor, informed friends that he had moved there from the east because missionaries did not consider the place in which he was staying to be safe. He said he was in perfect health and expected to remain at the ranch for another month.

Wu Wen-tsao Proceeds to U. S. to Attend Harvard Tercentenary

Wu Wen-tsao, head of the Department of Sociology of Yenching University, together with his wife, the former Miss Hsieh Ping-shin and a well-known modern writer and lecturer, after a visit to Nanking last week, departed from Shanghai Aug. 14 for the United States to attend the tercentary of the founding of Harvard University. After a short stay in America, they plan to sail for Europe, visiting England, France, Germany, Italy and Switzerland. They plan to return to China around July or August of next year. Both Mr. and Mrs. Wu have been to the States before, as Mrs. Wu is a graduate of Wellesley College and her husband graduated from Columbia University.

Foreign Visitors to Harbin Closely Watched by Detectives

The Harbin correspondent of the *North China Daily News* says that foreigners arriving in that city are now very closely watched, all the hotels having special detectives who observe the movements of all who visit this city, and report practically every step that they make to police headquarters. Even residents are often asked to show their passports at night, and if they have none to show, they are taken to the police station to explain who they are. This particularly refers to those of Russian nationality. The Hailar district, it is stated, has become a fortified military zone to which vises are not issued. Likewise, it is practically impossible to get a visa to the Port of Rashin, which is apparently being very strongly fortified.

Extensive Changes Announced in Shanghai Municipal Secretariat

Extensive changes were announced in the secretarial staff of the Shanghai Municipal Council during the week. The resignation of J. R. Jones as Secretary was accepted by the Municipal Council as of Sept. 30. G. Godrey Phillips, Deputy Secretary, was appointed to succeed him. T. W. Gubb was appointed Assistant Secretary as from November 1, 1936. E. T. Nash was promoted to Assistant Secretary as from September 30, 1936. R. S. Winter, Chief of Section, has resigned as from September 24, 1936.

China Has a Huge Surplus Wheat Crop

The Executive Yuan has received a petition from Ku Ching-i, Chairman of the Shanghai Cereal, Oil and Cake Merchants' Guild requesting that measures be devised for the relief of the wheat market, which is now overstocked; with the arrival of the new crop there is a great excess of supply over demand. Conflicting views are being advanced by Chinese merchants regarding the much-discussed question of how to dispose of the surplus native wheat, which amounts to 600,000 bushels. Foodstuff and general provisions dealers on the one hand and flour merchants on the other constitute the opposing camps, according to reports reaching Nanking from the various cities.

Japanese Lose Flour Market in Straits to Chinese

The *Sin Wen Pao* says that the startling rapidity with which the Chinese have pushed the sale of their flour in the Straits Settlements has roused special attention from the Japanese. During the past two months, a record rise in the export of Chinese flour from Shanghai to the Straits was witnessed, while the export of Japanese flour to the Straits has considerably decreased.

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CUSTOMS NOTIFICATION NO. 1538.

The public is hereby notified that the work of the Customs Lower Station, hitherto conducted on the Yangtzepoo Hulk, will on and after the 20th August, 1936, be transacted at the Lay Road Customs Office (telephone No. 50417).

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 13th August, 1936.

CUSTOMS NOTIFICATION NO. 1539.

The public is hereby notified that in accordance with Government instructions the importation of cotton seeds from abroad will henceforth be allowed only at Shanghai and that such shipments must be covered by a Certificate issued by the Bureau for Inspection and Testing of Commercial Commodities.

CHU CHANG-NIEN,
Superintendent of Customs.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 13th August, 1936.

CUSTOMS NOTIFICATION NO. 1540.

In accordance with Government instructions, the public is hereby notified that the Custom House will be closed, and the shipment and delivery of cargo suspended, on Thursday, the 27th August, 1936, being the birthday of Confucius.

PAUL BARENTZEN,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 17th August, 1936.

New Books of Interest in the Far East

Aviation—From Myth to Tradition, to History

This Flying Game, by Brigadier General H. H. Arnold, Assistant Chief of U. S. Army Air Corps, and Major Ira Eaker, U. S. Army Air Corps; Funk and Wagnalls Company, New York and London, 268 pages, Illustrated, Price U. S. $3.

A book to thrill young boys and interest their elders—such is "This Flying Game". Eminently qualified for such a task by their position in the U. S. Army Air Corps, Brigadier General H. H. Arnold and Major Ira Eaker have told the history of aviation and its present day scope in a simple and readable way.

The tale starts with the ancient myth of Daedalus and Icarus who tried to fly and ended in the first air crash. From myth to tradition to history we pass and rest at the first recorded air flight. On June 5, 1783, the Montgolfier brothers in France sent up a large paper ballon with a fire beneath it to heat the air and make the balloon rise. That started the sport of ballooning which dominated all air experimenting until the twentieth century when the heavier than air flying machine became a reality. There were few practical purposes for which balloons could be used as there was no way of steering them, but, attached to the ground, they proved useful for military observation as early as the Napoleonic campaigns. One staff even experimented with a cigar-shaped balloon, the propeller turned by a bicycle affair in which several men pedalled violently. Headway against any sort of wind was impossible, so the man-powered dirigible was discarded, even though its general shape is still used in modern zeppelins.

In 1903, Dr. Samuel P. Langley constructed a steam-powered airplane, on glider principles and not of the balloon type, but as it was wrecked in launching we cannot give to Dr. Langley the honor of "first flight", even though his plane, with changes, flew later. The Wright brothers, however, worked on the same principles and were successful. They began experimenting with gliders, and in the dawn of flying used a wind tunnel to test what wind did to flat wing surfaces. This method of experiment is used to the present day. On December 17, 1903, they made four successful flights—the longest for a period of fifty-nine seconds. A surprisingly short length of time, but the fact remains that the machine was heavier than air, it had a gasoline motor, and it *flew*. Thus an impetus was given to adventurous ones, and rapid development followed.

As told by General Arnold and Major Eaker, the story of this development is fascinating. Truly there is a hero on every page, and we appreciate this all the more in seeing the many photographs of early planes, construced so fragilely at first that they look as though they were made of a few sticks and a bit of string. The fliers' lives were in the lap of the Gods, but their ideas were sound and their courage dauntless. To name a few of these heroes and flights and omit others would be unfair condensation. Their interesting and thrilling stories are all there for you to read. It is of interest to note that these men flew by "feel." They had none of our present day instruments to aid them in navigating, but now instinct has almost gone out of flying and it has become an exact science.

The Great War was a necessary stimulus to aviation. Surprising it is to learn that when the United States entered the War she had less than fifty military planes. The situation quickly changed, for by the time the Amistice was signed the aviation industry had produced in the United States 13,894 planes in two years. During the decade immediately following, over half the flying in our country was done by the Army and Navy, but with reduction of war forces to peace-time strength, civilians began to be interested.

Among the numerous epochal flights described in the book, we must mention the Lindbergh flight to Paris because of its far-reaching effects. It made the whole world air-conscious for the first time. It caused private enterprise to put up capital for development, and when business superseded adventure as the principal figure in aviation, the industry really began. Then followed a competition for records which will always continue—for speed, for endurance, for distance. Within the last ten years each one has been bettered many times.

One of the most interesting chapters to the layman is "What Makes an Airplane Ply." The force exerted by the wind against the surface of a kite in keeping it in the air is called lift when talking of similar action in airplanes. The amount of lift created by similar surfaces is the same regardless of whether the kite is held stationary against a sixty mile gale, or whether it is pushed or pulled through the air at the same speed by an engine, or towed by an automobile. So we see that an airplane is merely a motor-propelled kite. Strange as it may seem, the greater part of the lift comes from the top rather than the lower surface of an airplane wing. Steering is with a rudder like that of a boat. There are smaller auxiliary wings attached to the wings that are moveable, called ailerons. These keep the plane balanced in flight, and other small flaps called "elevators" keep it on a level height. When an airplane takes off, it runs along the ground until it attains a certain speed, whereupon it is lifted into the air. The plane at that point is said to have reached its low flying speed or the minimum speed at which it can substain itself in the air. Recent developments have added wing flaps to decrease this necessary speed, and an adjustable pitch propeller. The latter gives the maximum horse power on the ground and while climbing, and then when the pitch is changed, gives the maximum pull of the propeller with the minimum of horse power, thereby gaining speed and saving gas. A third important innovation has been the retractable landing gear. By being able to fold up the wheels after the plane has taken off, an increase of from five to twenty-five miles an hour in speed can be gained, due to decreasing wind resistance.

After we have learned about the planes themselves we are taught about the pilots. The last two-thirds of "This Flying Game" is devoted to the airplane industry in the United States, both civil and military. Ninety percent of all airline pilots and all military pilots are graduates of the Army Air Corps Flying School. We are given minute details of the student's instruction, his life as a student, the possibilities of his later earning capacities. We also learn the same facts about the airplane mechanics who keep the planes in their necessary perfect condition, and those other necessary people who go to make flying the industry it is today. One airline operator has said that for every pilot who flies there are one hundred men working on the ground to make his progress safe and sure.

Several chapters are devoted to the aerial fighting force of the United States Army and Navy. It is appalling to realize the power aviation can exercise in modern warfare. We learn about military organization and fighting formation and what the bombers can do with their bombs weighing two thousand pounds. The Navy operates at sea from its airplane carriers, and we have a thrill with the pilot in landing on one as his plane is purposely tripped up by wires strung across the deck to check his speed. Taking off is complicated too in such a short space.

Airships—or zeppelins—the lighter than air craft, have not been successful in the United States. All of those we have built have met with tragic ends. The Germans seem to have knowledge and experience on the subject which other nations apparently are not able to acquire. Their Graf has already made almost a hundred successful trans-Atlantic crossings.

Are we approaching the ultimate in aeronautic development? Not when we have ahead of us for practical development of a plane for every man as foolproof as an automobile, a plane that can travel through the stratosphere, the possibilities of the autogiro, and perhaps trains of planes. Even more important are improvements in instruments and radios for seeing through fog—the greatest menace to the pilot today.

"This Flying Game" is the answer to the countless questions about aviation asked by almost every youth today. And to them it is dedicated. Although most of the information is applied to the United States, it should be of interest to those in China as well, for the China Aeronautical Association, the Aviation Commission, as well as the commercial air lines are fast making this country thoroughly air-minded.

Shanghai, Aug. 13, 1936. K. D. Bond.

America's Trade in China Discussed at Foreign Trade Convention

Official Report of the Twenty-second National Foreign Trade Convention. With introduction by James A. Farrell. New York, National Foreign Trade Council, Inc., 26 Beaver Street, 1936. viii, *358 pages, appendices, index.*

In this verbatim report of the sessions of the twenty-second National Foreign Trade Convention held at Houston (Texas) last November, the addresses dealing with trade in the orient are most valuable to eastern readers. The subject of China was the theme for the American-Chinese Anniversary Dinner which celebrated the one hundred and fiftieth anniversary of the sailing of the Empress of China from New York for Canton. Japan was discussed at the American-Japanese Trade Council luncheon and an address was made on American trade prospects in the Philippines. Among the other subjects considered at the Convention were world trade problems, investments and trade in Latin-American, U. S. government export credit aids and Australian trade.

The chief speaker at the American-Chinese anniversary dinner was the Hon. W. Cameron Forbes, who visited China last year as Chairman of the American Economic Mission to the Far East. His address which was based upon data obtained during the Mission's two months' stay in China dealt with American trade prospects in China. Those who have not seen a complete report of this Mission's findings will obtain a resume in Mr. Forbes' addresses on China, Japan and the Philippines, all of which are given in full in this volume. At the beginning of his address on China he summarizes the differences to be

noted in the situation of the different countries visited by the Economic Mission:

"In the Philippines the problem is largely that of economic adjustment and readjustment to a changed and changing political status, and how the existing vast business built up between them and the United States is going to fare in the next ten years during which the conditions upon which they operate will be changing and facing a momentous and perhaps cataclysmic transformation at the end of that period. In Japan, there was little demand for American capital or participation in their businesses. There their concern was principally in the preservation and conduct of existing businesses or restoration of past conditions, such as better price structures, and there also was evidence of a genuine fear of new tariff barriers planned to exclude their manufactured articles from American markets.

"In China, on the other hand, American participation and American investment along all lines was sought and we were assured would be welcomed and protected. The outstanding thing that impressed our Mission in China was the new spirit that was evident on all sides. The slumbering giant is beginning to stir and to show signs of awakening. For many years now the United States has restored to China the moneys paid in to the Boxer Indemnity Fund, with the stipulation that it be used for completing the education of selected Chinese youths, and many thousands of these young men who have attended foreign universities, going variously to the United States, Europe and Japan, are now actively engaged in assisting in the government of their country. We found these men speaking perfect English and in high office everywhere we went. They are peculiarly fitted to assist in the regeneration of China, because, coming as they do from Chinese homes, and having their early training in Chinese schools, understanding the language, customs, traditions and prejudices of their own people, they can select those parts of Western civilization and practices most helpful to their own people and adapt them to meet their needs in a way that no foreigner could possibly do.

"China does not need nor desire foreign language, art, customs or other civilization—she has her own, far better established by reason of its four thousand years of age, than any of ours can possibly be. In many ways, in matters for example of thrift, of orderliness, of art, etcetera, it is superior to ours. There are, however aspects, mainly economic, in which China has lagged so far behind as to so seriously impair her power of development, of administration and of national defense, that there is a crying need for the awakening that even now seems taking place."

In view of the fact that the United States during the first half of 1935 bought from China twice as much as her nearest competitor, the Economic Mission expressed itself as disturbed to learn that Americans trading in China were hampered in the matter of credits and financial assistance.

K. C. Li, president of the New York City Chinese Chamber of Commerce, spoke on the new Chinese regulations for the stabilization of exchange. Another member of the Economic Mission, Charles J. Carroll, who had spent nine years in China, spoke on transportaton in China, particularly the value of coordinating water systems, railways, air routes and automobile roads.

"With the program of highways being carried forward at a marvelous speed, together with railways under construction and in view, one can look forward to Chinese development at a faster speed than has ever been known in any country."

American trade in China's further development was discussed by A. Bland Calder, Assistant Commercial Attache in Shanghai.

The speeches relating to Japanese-Amreican trade emphasize the interdependence of Japanese export and import trade. Although Japan, to quote Charles K. Moser, Chief of the Far Eastern Section, U. S. Department of Commerce, has

"enjoyed a greater trade revival since the depression than any other major country, Japan's imports from the rest of the world increased more rapidly from 1932 to 1934 than did her exports in both volume and value. The expansion of her sales abroad has enabled her, no, even compelled her, to expand her purchases abroad. To a larger extent than is generally realized, we have been beneficiaries of there activities. As a result of her world trade expansion Japan has been able to increase her purchases of American raw materials and manufactures at a period when other countries were buying fewer of them."

The tone of the Foreign Trade Convention, to judge from the addresses and discussions following their presentation, was distinctly hopeful. When business men come together to discuss policies and conclude that cooperation with foreign countries is a necessity for good business relations, it would seem that the first step has been taken toward international political cooperation.

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Dr. Wu Lien Teh Discusses Medicine, Hospitals and the Need for Cremation

The three principal articles in the *Reports* of China's National Quarantine Service (1935-36) are contributed by Dr. Wu Lien-teh, Director. They are entitled: "The Rejuvenation of Medicine in China," "Public Hospitals in China" and "The Need of Cremation in China."

Dr. Wu says that one of the hardest things to break down among the people of this otherwise rapidly changing country seems to be the general public's belief in the efficacy of the old system of Chinese medicine—this in spite of the fact that in most other activities of mankind, such as, rapid transportation by rail, motor-cars, airplanes; cheap and rapid news gathering and distribution; broadcasting by radio; improved lighting by electricity; cold storage and numberless inventions of the 20th century, the masses have taken to them as a matter of course. Public hospitals in China, says Dr. Wu, have been handed down from very ancient times. Strictly speaking, few hospitals in China are entirely free, patients usually paying a small sum (from ten coppers upwards) for registration as outpatients, with nothing extra for medicines. When they are admitted or when they undergo an operation, extra charges may be made, but always according to their ability to pay. The notable exception is when patients are admitted for cholera; on such occasions, no payment whatever is expected, as considerable donations are often allotted by charitable charitable societies and prominent firms and individuals for this special purpose. This may account partly for the exceedingly creditable record of the cholera hospitals, which in times of severe epidemic even have never refused adminssion to any one and have succeeded in reducing the death rate of this very fatal disease to the low figure of 7 per cent in 1932.

The virtual abolition of cremation for the part 800 years, Dr. Wu states, has resulted in the occupation of at least one-eleventh part of the arable land of China by graveyeards. From an economic standpoint this has been most unfortunate, for instead of being a self-sufficient nation in the matter of food as formerly, this country has become a large importer of rice, wheat, meat and other foodstuffs, amounting to over 200 million dollars annually. No one who has travelled in the interior can help being impressed by the unduly large number of graves, many uncared for, which stud the landscape almost everywhere. Instead of suitable land yielding crops for the support of the living, a considerable portion is now occupied by unsightly coffins. Even in the midst of this great city of Shanghai, within a mile of the Bund, one may notice hundreds of ugly smelly corpses in all stages of decomposition.

The Perils of Gas Attacks Discussed in Socialist Medical Association Brochure

"Gas Attacks—In There Any Protection?" is the title of a 32-page brochure prepared by the Socialist Medical Association, published by Lawrence and Wishart Ltd., London. The author says that gas is the most terrifying of the perils of war. The chances of a direct hit by a high-explosive bomb are small, and there is always a fair hope of escape from any but a direct hit. But without proper means of protection, there is no escape from gas. Even those who have provided themselves with gas-proof rooms will be a prey to anxiety lest a nearby explosive bomb smash their protection. Owing to the insidious action of phosgene and mustard gas, the absence of obvious injury at the time and delay before the onset of symptoms, it is impossible to be confident that concentrations of gas, which appear harmless when encountered, will actually have no injurious effect. The author charges that the literature published by the British Home Office, by minimizing the dangers and advocating inadequate means of protection, may do much to allay anxiety before the occurrence of an air raid; but when an air raid comes the people will realize that they have been deceived, and the panic will be all the worse.

Foreign Trade Association of China Issues Brochure on Groundnuts

The Foreign Trade Association of Shanghai has issued a 53-page brochure on groundnuts (usually called peanuts in the U.S.) Groundnuts and their products rank high among the staple items of China's export trade. In 1935, they held fourth place, with $30,992,122—outranked only by wood oil with $41,582,878, raw silk with $35,637,401, and eggs and egg products with $32,069,462. Insofar as production is concerned, China is next to India in importance and takes a share of no less than 40 per cent of the world's aggregate. As India furnishes about 50 per cent, the rest of the world produces only some ten per cent. However, in spite of her large production, China exports from 10 to 15 per cent of her crop. Domestic consumption of groundnuts is enormous. The plant is not indigenous to China but was introduced into this country a few hundred years ago. Cultivation on a large scale in North China, which is at present the principal producing centre, dates back, however, merely fifty years. There has in recent years been a decided increase in the export of oil expressed from these nuts, to the United States.

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China's Struggle Against Japanese Smuggling

BY WONG YU FONG

The rampant and audacious Japanese smuggling activities in North China, inspired and supported by the Japanese authorities, continue to assume serious proportions and to cause the Chinese authorities grave concern. In spite of the Chinese protests as well as stringent measures adopted by the Chinese Government to combat this unprecedented smuggling invasion of China, this clandestine trade continues to operate unabated, causing therefore greater decrease in China's revenue returns and threatening at the same time China's financial structure and economic foundation. To gain a rough idea of the serious menace of this illicit trade, it is sufficient to quote the loss of revenues for the month of April alone which is given by the Customs authorities as $8 million. In reviewing the smuggling situation in general, the year 1935 may be divided into three periods, as follows:

The First Period—This period was marked by exorbitant demands by the Japanese authorities over two incidents in silver smuggling by "Manchukuo" and Japanese subjects, the first case on May 17 and the second on May 25. Up to this time the initial difficulties of the Customs authorities were confined to petty smuggling, but on May 17 the present organized smuggling was commenced. On this date a Chinese was observed smuggling silver at Chiaolaowan, throwing down from the Great Wall bags of silver dollars to his accomplices. When he was arrested by Customs officials, the Japanese interfered and contended that he was a "Manchukuo" subject. The May 25 incident involved two Japanese nationals who were seized by Customs authorities for smuggling silver at Locheng at the Northeast corner of the Great Wall. In attempting escape by jumping down from the Great Wall, one of the Japanese was seriously injured. The Japanese authorities presented strong demands to the Chinese over the incident, requesting payment of $5,000 as compensation for the injury and contending that this section of the Great Wall has been ceded to "Manchukuo" by the so-called "Tangku Truce Agreement." In view of the strong threats in Tientsin that the Chinese Customs would be forced out of Shanhaikwan, the Customs authorities paid the $5,000 compensation and withdrew the patrols. It was estimated that more than $400,000 in silver were conveyed everyday to Shanhaikwan and that silver seized by Customs officials for April and May amounted to $177,000.

The Second Period—This period witnessed an intensifying of the smuggling activities as a consequence of the demands of the Japanese military authorities for the disarming of the Chinese Customs officials. Shortly after the two incidents of silver smuggling involving the nationals of "Manchukuo" and Japan, the Kwantung Military Mission at Shanhaikwan demanded from the Commissioner of Customs at Chinwangtao that the revolvers carried by Customs officers be withdrawn, a request which the Chinese authorities were compelled to comply with. With the disarming of Customs' officers, the smugglers, including Koreans and Japanese, became more bold and engaged in smuggling not only of silver, but also of goods. The so-called Shih Ho Transportation Company was organized for this purpose and engaged over 1,000 Chinese coolies as carriers. Organized smuggling now became an established fact, and with the Customs authorities completely disarmed, they were rendered powerless in dealing with the situation. When the Customs officials attempted to seize the contraband goods, they were attacked and beaten by the smugglers who were armed with stones and clubs. One incident of this kind occurred in the middle of September when four Customs guards and two officers were seriously injured in attempting to interfere with a gang of 50 Koreans who were running a train out of Shanhaikwan laden with bales of silk and bags of sugar. The Japanese military authorities were repeatedly approached by the Chinese Customs officials to assist in stopping this illicit trade, but the reply came that this matter does not concern the Japanese Army but the Japanese Consular Police, who in turn contend that smuggling into China was not an offence under the laws of Japan and that the matter was one for the Chinese Customs to deal with, not at places within China, but at the points of entry on the coast and along the Great Wall. On the 9th of September the situation was further aggravated when the Commissioner of the Chinwangtao Customs was presented with the demand from the Japanese Garrison Commander stationed there that all machine guns must be removed from Customs Preventive Vessels in accordance with the terms of the "Tangku Truce Agreement." The Chinese authorities pointed out that there were no such provisions in the so-called "Tangku Truce Agreement" forbiding Customs Preventive Vessels from carrying arms as these vessels were commissioned for the Customs Service only. The Commissioner finally had to comply in face of strong demands on the part of the Japanese. Then again about the middle of September the same Japanese commander further demanded that all Chinese Customs Preventive vessels be removed from within the three-mile limit of the "demilitarized zone." This interference with the Chinese Customs on the part of the Japanese military was strongly protested by the Ministry of Foreign Affairs which communicated with the Japanese Ambassador. It was however of no avail and the Customs vessels were forced to be withdrawn in view of the strong persistence of the Japanese commander. These acts further crippled the Customs Preventive Service and permitted a flood of contraband goods to enter into North China.

The Third Period—This period, from the middle of September to the end of the year, saw the complete collapse of the Preventive Service in North China. China upheld that the Customs Preventive Law requires that all mercantile vessels within the 12-mile limit from the coast of China to heave to and submit to search when requested by a Customs vessel. The Japanese Naval authorities however refused to recognize the right of the Chinese Government to search vessels outside of the 3-mile limit and stated further that Japanese vessels are under no obligations to display their national flags at any time nor to take heed nor answer any signal and that any action on the part of any vessel to halt any Japanese vessel, whether her identity is known is not, will be interpreted as an act of piracy and is to be dealt with accordingly. These statements had far-reaching effects, for smuggling by sea became open and uncontrollable, as large number of vessels, motor-boats and junks engaged in large-scale operations, landing goods on an increasing scale along the coast between Lutai and Chinwangtao.

The year 1936 revealed the introduction of new phases in the smuggling situation in North China, with new methods adopted by the Japanese to circumvent the Chinese Customs measures which were adopted by the Chinese authorities to check the rampant smuggling activities.

A more general summary of the smuggling situation is given in the following statistics:

1.—Calculated total loss of Customs revenues on goods smuggled into North China from August 1, 1935 to April 30, 1936, amounted to $25,506,946.

2.—Estimated loss of revenue for the month of April, 1936, alone was $8 million.

3.—Average loss of revenue per month from August, 1935, to March 1936 was estimated at $1,700,000.

4.—Smuggling has increased in a tremendously rapid pace since the beginning of April, 1936.

5.—At the present rate of approximately $8 million per month, the loss of revenue per year would be nearly $100 million, which is nearly one-third of the total annual Customs revenue for China.

6.—For the period from August 1, 1935, to April 25, 1936, total arrivals of smuggled goods at the Tientsin East Station were approximately as follows: rayon, 89,617 bags, or 4,032,745 kgs; white sugar, 479,296 bags, or 43,136,640 kgs; piece goods, 21,131 bags; cigarette paper, 6,171 bags, or 1,183,836 kgs; sundries, 11,052 packages.

7.—Total amount of smuggled goods dispatched to other parts of China by the Peiping-Liaoning and the Tientsin-Pukow railways from the East, West and Central stations in Tientsin for the week from April 19 to April 25 inclusive were as follows: rayon, 1,862 bags or 83,790 kgs; white sugar, 41,171 bags, or 3,705,390 kgs; cigarette paper, 345 bags or 15,239 kgs. Destinations for these smuggled goods inelude Chowtsun, Tsinan, Hsuchow, Tatung, Peiping, Pengpu, Tsingtao, Kalgan, Tsangchow, Changshan, Yenching and Weihsin. The markets in North China are becoming more and more glutted with these contraband goods.

The smuggling situation up to this moment remains unchanged, in fact it is taking a turn for the worse. Whether this smuggling issue will eventually be liquidated through negotiations between the Chinese and Japanese Governments or whether the further aggravation of the situation will ultimately precipitate another Sino-Japanese crisis only time can tell. However, one must admit the situation is exceedingly grave and fraught with grave consequences if it is permitted to degenerate.

As a strong inducement to assist the Government in suppressing the illicit trade, the Ministry of Finance has passed a set of measures which offer lucrative rewards to tipsters, troops, police and shop clerks, who can in any manner contribute to the present anti-smuggling campaign. These measures provide the following:

1.—Fifty percent of the auction value of the smuggled goods shall be given to tipsters.

2.—Fifty percent of the auction value of the smuggled goods shall be given to various government bureau, troops and policemen including Railway police who discover contrabands and who turn them over to the Customs authorities.

3.—Fifty percent of the auction value of the smuggled goods shall be given to shop clerks or factory workers who inform the Customs of their partners engaged in this illicit trade.

4.—One percent of the auction value of the smuggled goods shall be given to troops and policemen including railway police, who help the customs preventive agents to execute their duties.

Smuggling is now confined not only to North China, but also to other parts of China, particularly to Shanghai and Fukien. In Shanghai the illicit Japanese merchandise is beginning to saturate the market and is seriously threatening the position of the legitimate businessmen. Recent figures disclosed the fact that legimitate imports into this port have decreased by $25,378,635 during the months of January and March alone. As a direct result of Japanese smuggling activities in North China and Shanghai, the Shanghai sugar dealers have reported a monthly loss of more than a million dollars in the sugar business. The smuggling menace has also threatened the Province of Fukien, the situation becoming so serious that the provincial authorities have seen fit to adopt stringent measures to checkmate its further expansion. On May 27, members of the Fukien Customs Inspection Bureau were formally sworn into office, at which ceremony the Chairman of the Fukien Provincial Government, General Chen Yi, personally administered the oath. Following the inauguration of the new Bureau a proclamation was issued reminding all Fukien merchants to pay legitimate duties on all imported merchandise and warning that all smuggled goods will be seized and smugglers will be severely punished according to law.

Summarizing the general smuggling situation according to the facts and figures, it is China's staunch conviction that this clandestine trade was initiated by Japan with but two purposes in mind, namely: one, to force China to effect a drastic reduction of her tariffs so as to permit the wholesale entry of cheap Japanese goods, thereby monopolizing the Chinese market to the detriment of the Chinese manufacturers and foreign importers; second, and as an alternative, to undermine China's financial structure as well as to paralyze China's economic foundation so as to reduce the effectiveness of Chinese resistance to Japanese aggression. Japan failed to see however that in launching this scandulous and dishonorable smuggling traffic she has inadvertently caused a serious decline in China's customs returns upon which China's foreign loans were secured, and the subsequent strong representations to the Japanese Government by the foreign Powers concerned. The British and American Governments have already filed strong protests to the Japanese Foreign Office demanding an explanation for the rampancy of the smuggling situation in North China, but up to date no satisfactory reply has been forthcoming from the Japanese Government. China's repeated protests also have been completely ignored, in every case the Japanese Government have merely disclaimed responsibility. But China and the whole world are thoroughly convinced that the present nefarious smuggling activities in North China are inspired and supported by the Japanese military authorities as well as the Japanese Government. This point iis further substantiated, aside from the facts and figures, by the remark from the new Japanese Ambassador to China, upon his departure from Japan to assume his Chinese post, that if the Nanking Government should reduce the import tariff he was convinced that under the circumstances the Japanese Government will take all possible steps to halt smuggling. The Japanese contention also that this illicit trade had sprung up in North China because of China's high tariffs is ridiculous and untenable because China's import tariffs are no higher than that of other countries, including Japan. The inseparable truth for this deplorable smuggling situation is Japan's forcible interference with China's Customs Preventive Service. China is resolved to intensify her struggle with every means at her disposal against this latest economic encroachment on the part of Japan, knowing that she is strongly supported by world opinion which is pointing an accusing finger against Japanese aggression.

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Chang Hsueh-liang's Anti-Red Campaign Progresses Steadily

BY S. Y. CHI (季世英)

Now-a-days, while national attention has, ever since the early part of June, been diverted to the Kwangtung-Kwangsi embroglio, the intensification of the anti-Red campaign led by Marshal Chang Hsueh-liang, Deputy Commander-in-Chief of the Bandit Suppression Forces in the Northwest, has been progressing steadily. From the scanty news despatches from Shensi, it was revealed that the Central forces have definitely established a strong cordon around the Red bandits which, having met several major defeats in the hands of Marshal Chang's forces, are drifting pell-mell in the country-borders of Shensi, Kansu and Szechuen, apparently awaiting the opportune moment to break thru the Government blockade. Recent reports from the Szechuen border state that at a recent conference at Kuntze, the notorious Chu Teh, Hsiao Keh and Ho Lung decided to divide the Red bandits in Sikong into three groups and lead them by three routes into Kansu via Sunfang and Chinghai via Kochu and Yushu. This indicates the future direction of their movements.

Since October and November, 1935, after repeated clashes in Northern Shensi, the Reds under Hsu Hui-fung, Lin Piao and Yang Sen, numbering about ten thousand, made a hasty confluence in order to present a united front against the Government troops. They succeeded, however, in penetrating some important places along the Shensi-Kansu border. Since then the condition was greatly strained, and the Red influence in Northern Shensi seemed a greater menace than it ever was. To cope with the situation, the Government forces strengthened their defenses, cheered up their morale, all in anticipation of an encircling plan which is expected to be fully carried out by the Spring of the next year. On December 7 the Government gave orders that roads be built and fortresses constructed to form a defense line from the eastern end of the province to the Shensi-Kansu border. This, of course, was done in accordance with the original plan. For the Government forces fully realized that strong defenses at strategic places, together with a thoroughly impenetratable blockade line, would mean as fatal a blow to the remnant Reds as anything within their power. However, their incessant endeavours were by no means confined to such defensive works. Occasionally effective forces were dispatched to wage guerrilla warfare with the Reds that ventured near the blockade line established by the Government forces.

Owing to the pressure thus exerted, the Red bandits had met several crushing reverses, notably in the battles of Pucheng and Loshengtseng in the middle of January, of Tienhuashih about the end of the same month, and of Tatientseng on Feb. 13-14. For the Chenning and Ninghsien area, the cavalry under Gen. Ho Chu-kuo had many successful engagements against the Reds. And after a series of fatal defeats, the remnant bandits could see no way out for themselves but to take flight eastward in the direction of Shansi.

By the end of March 1936, all the important bandit leaders such as Mao Tse-tung, Pang Teh-hui, Hsu Hai-tung and Lin Piao succeeded in leading their remnant forces across the Yellow River. The avowed aim in this move was to make an onslaught upon western Shensi, and to cope with this change of condition, it was thought advisable to take preventive measures to further strenghten the blockade at both the eastern and the southwestern areas of the province.

By order of Marshal Chang Hsueh-liang, the combined forces were to effect the completion of the blockade line from Fuhsien to Haishushih before the end of April. And by the end of the same month, they would have to drive all the remnant bandits to the area north of Taipingtseng and Yangchuentseng. But while this plan was being evolved, the Reds, much harassed by the Shansi Army, stealthily recrossed the Yellow River, and later reestablished themselves in such strongholds as Yenchuan, Yunping and Wayaopu.

As it was the policy of the Reds never to attack those cities which, they thought, were sufficiently defended, it was considered, by this time, that their only alternatives would be either to push westward to Kansu, or to seek refuge in Suiyuan. Then, a conference was summoned by Marshal Chang Hsueh-liang at which all the military leaders in Shensi, Kansu, Shansi and Ninghsia were present and it was decided, first, to complete the fortress line encircling the Reds area and, secondly, to press the remnant Reds from two opposite derections with all the main forces stationed in the provinces mentioned above. Then, after some furious engagements, they were kept at bay in the area north of Yuwon.

Since the beginning of the year, Marshal Chang gave orders to the bandit suppression forces to deal with the bandits severely and at the same time to cut off their necessary supplies from the outside by adopting a policy of economic blockade. Under such pressure, both military and economic, it is reported that the Reds have no other alternative but surrender, and hundreds of bandits have gone to the side of the Government army in quick succession.

The carrying out of Generalissimo Chiang Kai-shek's effective policy of dealing with the Reds by 70 per cent political means and 30 per cent military forces can be seen from the following summarized account.

The supreme headquarters must keep closely in touch with the different units. A perfect understanding between the two is needed, if the Government fighting ability is to be developped to the fullest extent.

In northern Shensi, it is extremely difficult for an army to adapt itself to the geographical peculiarities. The means of communication are inadequate; the provision are scarce; the natives are miserably overridden with Red influences, so the result of an engagement is to be decided not so much by the fighting ability of the two parties as by their respective preparednesses regarding the removal of the above mentioned obstacles. Propaganda work and political stabilization of recovered areas are absolutely necessary to the attainment of military success.

Among all the forces thrown in the front, every unit should be able to face the enemy by itself.

The building of roads and fortifications is of supreme importance if only as a means of strengthening the Government defenses. But it is also natural to see that roads and fortifications are well patrolled. Meanwhile strong force must be stationed at strategic points along the line wherefrom they can take any active steps, if conditions are favorable.

Strict discipline must be maintained in the army so as to ensure a happy co-operation between the people and the soldiers. Especially those who are in charge of the political-training work, should do their utmost in arousing the cooperative spirit.

It is learned that Marshal Chang Hsueh-liang has recently further strengthened the positions of his forces stationed in the northwestern provinces where the communists are now said to have been completely enveloped by the Government troops. It is therefore to be hoped that the red marauders will be totally suppressed before long, thus eradicating a most deadly human menace from the soil of China.

Wuchang, August 18, 1936.

China Has Strong Favorable Balance of Trade with United States

China during the month of June achieved a favorable trade balance with the United States of U.S.$1,789,000, and for the six months ended June 22 had a favorable balance of U.S.$22,917,000, the Department of Commerce announced in a survey of foreign trade in Washington Aug. 12. The figures tended to strengthen the favorable popular impression prevailing in the U.S.A. regarding the execution of the Chinese Government's fiscal program. This was due to the presumption that the merchandise balance had created exchange credits in the United States, which constitute an appreciable sign of the stabilization of the yuan.

Chinese Traders Consider Participation in Japan's Pan-Pacific Exhibition

Chinese commercial and industrial groups in Peiping are conferring with a view to participating in the Pan-Pacific Peace Exhibition which will be held in Nagoya, Japan from March 15 to the end of May, 1937. An invitation to the exhibition has been received by Chinese traders. It is understood that the exhibition will mark the completion of Nagoya's new airfield, improved harbor and new national park. Many nations bordering on the Pacific have been invited to participate in the affairs.

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